

**FBIS**

# DAILY REPORT

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Vol IV No 019

29 January 1985

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ASEAN-PACIFIC COOPERATION MEETING OPENS

BK281615 Jakarta Domestic Service in Indonesian 0700 GMT 28 Jan 85

[Text] ASEAN officials and their Pacific dialogue partners today began a 2-day meeting in Jakarta to discuss development cooperation among developing countries in the Pacific region. The representatives of the Pacific region arrived in Jakarta yesterday. One day earlier, senior ASEAN officials ended their 2-day meeting in Jakarta to discuss facilities that might be provided to developing countries in the Pacific region.

The outcome of the Jakarta meeting between ASEAN and Pacific region dialogue partners will be further discussed by ASEAN foreign ministers in Bangkok next month before a final decision is made at the annual ASEAN foreign ministers meeting in Kuala Lumpur in June or July. The Kuala Lumpur meeting will be followed by a discussion with the foreign ministers of the Pacific dialogue partners during which areas of cooperation will hopefully be agreed upon. The Pacific cooperation, proposed by Indonesia, is expected to be implemented next year. Foreign Minister Mokhtar Kusumaatmaja said this when opening the meeting in Jakarta this morning.

ASEAN MINISTERS TO MEET IN BANGKOK 11-12 FEB

BK260109 Bangkok THE NATION REVIEW in English 26 Jan 85 p 1

[Excerpt] A special ASEAN foreign ministers' meeting will be held in Bangkok Feb 11-12 to assess the latest developments in the region, particularly Vietnam's current military offensive against encampments of the Kampuchean resistance forces near the Thai border.

Foreign Minister Sitthi Sawetsila said last night that several new developments had taken place in recent months in the region and a special conference of the six ASEAN foreign ministers will review the grouping's position and future course. He said one of the topics to be discussed in the Bangkok meeting will be the frequent incursions of Vietnamese troops into Thai territory. "Even today, some Vietnamese troops are still in Thai territory," he said.

The foreign minister said the ASEAN ministers will also reaffirm their strong support for the Coalition Government of Democratic Kampuchea, of which the non-communist partners have shifted their military strategy to guerrilla warfare.

"The Vietnamese have been trying to destroy the force of the Khmer People's National Liberation Front (KPNLF), but they would never succeed despite the heavy artillery shelling by the Vietnamese troops against KPNLF's strongholds," Sitthi said.

Observers believe that the special ASEAN foreign ministers meeting will also provide an opportunity for the six member nations to discuss latest Vietnamese overtures which were contained in the joint communique released at the end of Ho Chi Minh meeting of three Indochinese foreign ministers on Jan 18.

FINANCE MINISTER, ECONOMIC CHIEF ADDRESS DIET

## Takeshita on Fiscal Policy

OW272121 Tokyo NHK Television Network in Japanese 0505 GMT 25 Jan 85

[Finance Minister Noboru Takeshita's fiscal policy speech at a House of Representatives plenary meeting of the resumed 102d regular Diet session -- live]

[Text] In presenting the fiscal 1985 budget for your consideration, I would like to express my views on future fundamental fiscal and monetary policies and, at the same time, explain the budget outline. At present, the Japanese economy still presents some areas in which improvement is needed and some tasks which should be fulfilled. However, speaking from a global viewpoint and compared with the past, it is believed that the Japanese economy is generally in a good, favorable condition.

First, prices have been very stable in more than 3 years. In addition, the economy has been expanding smoothly, led by investment -- an indicator of the creativity and vitality of the private-sector economy -- as its central force. As a consequence, the people's livelihood has been improving steadily. Thus, we can see a country that is growing amid stability, while displaying endurance and abundance. I strongly hope that future efforts will continue to consolidate this basic trend on a mid- and long-term basis and build a resourceful and dynamic economy. To attain this goal, it is important that we first continue to maintain flexibility, a characteristic of our nation's economy.

Our country achieved high growth in the period following the war. It then had to overcome the adverse effects of two oil crises. It is in this way that our country achieved today's stability and prosperity. It is largely attributable to the great flexibility of our country's economy, backed by our people's great wisdom and untiring efforts. We must further foster this characteristic -- this flexibility -- in order to be able to display creativity in developing frontier technology in the future and also to adapt ourselves to the changes in the social structure such as the increase in the aged population.

Second, it is necessary for our nation to mature fully and become an "international state." Needless to say, stability and development of our national economy are closely linked to the world economy. I believe that each of our people should realize this more clearly and that our nation should make efforts to actively contribute to the peace and prosperity of the peoples of all countries of the world. I also believe that such efforts are a condition making it possible to maintain an abundant and stable national economy.

On the basis of these views, I would like to set the following four tasks in carrying out future fiscal and monetary policies so as to be able to fully and appropriately undertake the implementation of policies. They are: continuous growth without inflation, strong implementation of fiscal reform, promotion of monetary liberalization and the yen's internationalization, and contribution to the development of the world economy.

First, we should strive to attain continuous growth without inflation. Price stabilization is a major premise for economic development and stability of the people's livelihood. As I said at the beginning of my speech, the current conditions are the most favorable for price stabilization in the postwar period. I intend to regard price stabilization as the basis for continued growth.



In the field of business activity, efforts will continuously be made to attain lasting stable growth, centering around domestic private demand. In this connection, we have made efforts to obtain funds for public works expenditures in the fiscal 1985 budget. We are thus giving as much consideration as possible to maintaining and further expanding business activity.

In the monetary field, money is not tight at present in our country in terms of quantity; long-term interest rates have recently declined. In carrying out monetary policies in future, we will observe prices, business activity, trends of interest rates at home and abroad, and the status of exchange rates, and take appropriate and prompt measures as required, as we did in the past.

Our second task is to vigorously implement fiscal reforms. Needless to say, restoration of fiscal resilience is the most urgent task in our policy in order to be able to maintain flexibility in our country's economy and adjust to future economic changes at home and abroad.

To this end, the government has been pushing ahead with fiscal reform by setting, in its document, "The Economic and Social Prospects and Guidelines for the 1980's," the goal of reducing and eliminating dependence on special public bonds by fiscal 1990. In recent years in particular, annual expenditures in the general account budget have been set below those of each preceding year. The government has thus constantly sought to put state finances on a sound basis by concentrating efforts on reducing and rationalizing expenditures by renewing systems and policies. The fiscal 1985 budget, too, calls for reducing the amount of public bonds to be issued by ¥1 trillion compared with that of the initially planned amount of the preceding year. Measures will be taken to attain this goal through efforts in both revenues and expenditures.

Nevertheless, I cannot help saying that despite these efforts, our country's finances are still facing a seriously difficult situation. That is, the amount of public bonds issued by the end of fiscal 1985 is expected to reach about ¥133 trillion, while outlays for repaying interest on them will exceed ¥10 trillion. This amount exceeds 19 percent of the annual expenditure in the budget. This also exceeds the expenses related to social security. It represents the largest expenditure item among the major budget outlays.

The increase in these accrued expenses severely limits the funds which can be used to implement policies. As a result, finance will not be able to fully perform its innate function. If this situation is left uncorrected, we will be unable to adjust ourselves to the social and economic changes stemming from the rapid expansion of the aged population in the future, our growing responsibility in the international community, and so forth. We will also be forced to burden our people with the task of repaying a large amount of public bonds in addition to various other burdens due to increase of the aged population.

We should thus strive each year to steadily carry out fiscal reform. To this end, in the field of annual expenditures, we will reconsider the past ways of distributing responsibilities between the government and the private sector and of allotting functions and sharing expenses between the central and local governments. Through these yearly efforts, the government will work more actively to save, reduce, and rationalize expenditures.

In the field of annual revenues, I would like to note that we have received a very exceptional recommendation from the Taxation Investigation Council. In its proposal concerning the revision of taxation for fiscal 1985, the council said: The government should not simply consider partially reshaping the existing taxation system. It is time for the government to study an overall, full-scale reform, such as by examining direct and indirect taxes through extensive nationwide discussions and from a broad viewpoint.

In this regard, the government believes that this issue should be tackled from a broad viewpoint by studying and examining the overall features of the current system, with due respect for the proposals made by the Taxation Investigation Council. I ask the nation's people to show deep understanding and extend cooperation.

Concerning fiscal reform, I would like to point out that the issue needs an extensive study from a mid-term viewpoint. To help in this study, we plan to draw up mid-term fiscal prospects this year. The road toward fiscal reform is not easy. However, I will dedicate my best efforts to further promoting fiscal reform in the future.

Third, we must facilitate financial liberalization and the internationalization of the yen. Against the backdrop of changes in the economic structure, advances in the internationalization of the economy on the whole, and technical reforms, rapid progress has been made in recent years in financial liberalization and the internationalization of the yen. I believe that this trend has been instrumental in developing Japan's economy and improving national life and of significance in making our country contribute to the development of the world economy.

Based on this viewpoint, the Finance Ministry had the new banking law enacted and the foreign exchange control law revised long ago and has taken various liberalization and flexibilization measures under them. Last year, in particular, the present situation in and prospects for financial liberalization and the internationalization of the yen as well as a report by the so-called Japan-U.S. Yen-Dollar Committee were made public, showing to everybody at home and abroad the future prospects for financial liberalization and the internationalization of the yen and the immediate concrete measures to be taken. In line with these prospects, the government intends to steadily promote financial liberalization and the internationalization of the yen.

On the other hand, to maintain order in credits in implementing financial administration and monetary policy is an important duty for the nation. From this viewpoint, I intend to see to it that there is no oversight in maintaining order in credits to facilitate financial liberalization and internationalization of the yen in future. Naturally, financial liberalization and internationalization of the yen can be truly brought about only if the sense of self-responsibility has permeated the people. Needless to say, it will be more and more necessary for banking institutions to rationalize management in the process of liberalization and internationalization.

Furthermore, it is necessary to attach more importance to the function of interest rates than before in order to maintain the effectiveness of monetary policy while further facilitating financial liberalization and internationalization of the yen. Acting from this viewpoint, the government intends to continue to study ways to consolidate monetary markets and other measures. Furthermore, great concern has been expressed abroad with regard to our country's financial liberalization and the yen's internationalization. Last year, we held forums for a constructive exchange of views with U.S. and British authorities. We plan to strive to promote mutual cooperation and understanding on various issues regarding monetary systems and administration in the future.

Fourth, our nation must contribute to the world economy in order to further develop itself as an international state. At a general meeting of the IMF and the World Bank in Washington last year, I served as its chairman, doing so for the first time as a finance minister of Japan. On the basis of the experience gained in our country's postwar economic development, I called for further stepping up international cooperation, centered around the IMF and the World Bank. In future, Japan must make contributions, in accordance with its international status, to these international monetary institutions not only through monetary cooperation but also in the fields of policy making and management. It is my desire that Japan thus contribute to the sound development of the world economy.

Meanwhile, the 10-nation finance ministers conference is currently engaged in work to clarify the conditions required for improving international monetary systems and achieving international currency stability. I am scheduled to preside over this work as conference chairman. As for our country, it plans to continue to positively contribute to this work on the basis of the present floating exchange system, so that the system can be improved in a progressive and steady manner. Incidentally, in view of the recent developments in the exchange market, the finance ministers of the five major industrial countries at their recent meeting in Washington agreed that each nation should endeavor for further stability in the exchange market. Japan will continue to cooperate with other countries toward that end.

In the international balance of payments area, our country is continuing to post large trade and current account surpluses, which I think can be attributed in a large measure to overseas factors such as the rapid expansion of the U.S. economy, the one-sided increase in the value of the U.S. dollar, and the stagnant prices of primary products. In order to correct this imbalance, therefore, it is considered necessary to generate changes in the international economic environment which may lead to correcting the one-sided dollar appreciation.

At the same time, to contribute to the expansion of world trade and the development of the world economy through the preservation and acceleration of free trade, our country finds it equally important to voluntarily open its markets and increase its imports. To that end, the government worked out external economic packages on two occasions last year and is currently striving for their steady implementation.

Speaking of tariff measures for fiscal 1985, as stipulated in these measures, with due consideration for how we can contribute to the economic development of developing countries, we decided to carry out -- ahead of the United States and EC -- the pre-schedule reduction of tariffs as agreed upon in the Tokyo round. At the same time, we decided to lower the tariff rates for wine and paper products, about which various countries expressed deep concern, and to improve the Specified Tariff System.

It is also considered necessary that we pay attention to the fact that in contrast to its current account surplus, Japan's long-term capital balance continues to experience large deficits. This trend helps capital-short countries in obtaining required capital and, at the same time, serves to ease worldwide pressures for higher interest rates.

As regards economic cooperation programs, despite the severe fiscal difficulties facing the nation, we will continue to strive for their effective and efficient implementation and for the upgrading of programs to aid developing nations' self-help efforts, thus contributing to the stability and development of the world economy.

Regarding the accumulated debt issue, we deem it important that debtor nations make joint adjustments from mid- and long-term viewpoints. At the same time, all authorities concerned must continue their serious efforts in support of such adjustments.

Next, I would like to outline the nation's budget for fiscal 1985.

In compiling the 1985 budget, we were guided by the fundamental principle that expenditure should be cut thoroughly to forcefully advance fiscal reform. At the same time, we reviewed all revenues and, based on that review, we attempted to curtail the public bond issue to a maximum degree.



As for expenditures, we conducted a review of the existing systems and programs and made thorough cutbacks, thereby severely limiting its scale. In the stage of making preliminary budget requests by ministries and agencies, as we did in the previous year, we established the standard of minus increase compared with the previous year. Ministries and agencies then thoroughly reviewed their respective budget requirements to establish a strict order of priorities.

In the subsequent process of budget compilation, we carried out sweeping cuts in all fields, allowing no area to be treated as a sanctuary. In regard to government-paid subsidies in particular, we carried out an overall review, following it up with thorough and positive efforts for rectification and reduction, including such areas as personnel expenditures and other high-rate subsidies. As a result, the total amount of proposed subsidies has been reduced by 134.4 billion yen compared with the previous year, despite the fact that it includes inevitable gains in some items.

Meanwhile, as regards the so called special measures under the special law governing administrative reform, we could not but take the required action for their continuation. In view of the present severe fiscal situation, I would like to have your understanding in this respect. In this connection, I will present for your consideration in a separate bill on rectification and reduction of state subsidies and special cases falling under the special administrative reform law.

Regarding national public service personnel, plans to reduce their established numbers will be carried out steadfastly, and strict restraints will be placed on new hirings. In addition, effective measures will be taken with regard to replacements for personnel retiring under the mandatory retirement system. As a result, the budget plan envisages a reduction by as many as 6,482 in the total number of personnel in various administrative organizations, which is a sharp reduction.

As a result of all these efforts, we were able to set the scale of general expenditures at 32 trillion 585.4 billion yen, which represents a 300 million yen cutback from the previous year's level. This also represents a cutback in general expenditures for the third consecutive year. The total scale of general expenditures, including the government bond servicing fund and grants to local governments, is thus set at 52 trillion 499.6 billion yen, which represents a 3.7 percent increase over the fiscal 1984 level.

Next, I will turn to the revenue side. With respect to tax revenues, the mainstay of the total revenue, we reviewed the past tax revenues in preparing the fiscal 1985 budget, in view of the current socio-economic situation and the present severe fiscal condition. We made this review for the purpose of further ensuring fairness and reasonableness in the tax burden. Specifically, we lowered the rate of legal allowances for bad debts, increased the tax rates for public corporations and cooperatives, made the tax rates on interest and dividends more reasonable, and readjusted the extraordinary tax measures to make them more reasonable. At the same time, we decided to take necessary measures to promote basic research and development and to consolidate the technical foundations of small and medium businesses.

In implementing tax plans, we will make efforts to conduct more reasonable and fair tax administration by relying on public trust and cooperation. With respect to non-tax revenues, we will strive to secure a maximum of such revenues in view of the very strained fiscal situation.

As for government bonds, the bond issues are set at 11,680 billion yen, or 1 trillion less than the bond issues envisaged in the initial fiscal 1984 budget, thanks to the aforementioned efforts on both the expenditure and revenue sides. The bond issues in the fiscal 1985 budget consist of 5,950 billion yen in construction bonds and 5,730 billion yen in deficit-covering bonds. This will reduce the rate of dependence on bonds by 2.8 percent, from 25.0 percent in the initial fiscal 1984 budget to 22.2 percent.

With respect to deficit-covering bonds, we will separately present for your deliberation a bill on special measures to secure necessary fiscal resources for fiscal operations in fiscal 1985. The 1985 budget calls for the issuance of 1,865 billion yen worth of bonds to renew outstanding deficit-covering bonds. This will be the first issue of such bonds. The total bond issues, including these renewed bonds, will total 2,637.3 billion yen.

The government will ensure the smooth sale of these bonds by having them underwritten by underwriting syndicates, offering them for public subscription, and particularly by their increased underwriting by the Trust Fund Bureau. Moreover, the government will make a necessary revision of the existing system so that new methods, such as the floating of short-term conversion bonds and the advance issuance of conversion bonds for future fiscal years, can be introduced beginning in fiscal 1985, with a view to smoothly coping with the anticipated massive redemption and conversion of bonds in the future.

With respect to Nippon Telegraph and Telephone Public Corporation [NTT] stocks, which will be inaugurated in April, that portion of them which is (?disposable) will come under the jurisdiction of the Trust Fund Bureau Special Account to be used in bond redemption. On the other hand, that portion which the government is required to hold will come under the jurisdiction of the Industrial Investment Special Account so that it can use the dividend income derived from them. The stocks of the Nippon Tobacco Industry Corporation will be handled the same way.

Regarding the fiscal investment and loan plan, the government will strictly review the business contents of receiving organizations, as well as investment and loan projects, and make efforts to distribute funds effectively on a priority basis, with consideration given to the actual demand for funds and to policy needs.

In line with this objective, the fiscal investment and loan plan for fiscal 1985 is scaled at 2,858 billion yen, or 1.2 percent less than the amount envisaged in the initial fiscal 1984 plan.

Next, I will touch on major expenditures. In compiling the fiscal 1985 budget, we tried to ensure maximum effective use of expenditures in view of the strained fiscal condition. We will seek to achieve qualitative improvements in the use of limited fiscal resources. Meticulous care is given to measures for truly needy people in particular. At the same time, attention is paid to those areas of expenditure which need to be consolidated from a mid- and long-term point of view.

First, with regard to social service expenditures and expenditures for the development of education and science, it is necessary to constantly review the operation of existing systems so that the various measures can be implemented effectively and in a stable manner in coping with future social and economic changes, such as the rapidly increasing number of aged people in society. Efforts will be made to make social service systems work effectively and in a rational manner on the basis of the full-scale structural reform of the medical insurance and pension system initiated in the 1984 budget, as well as the unemployment insurance and scholarship systems.

At the same time, the government is pushing ahead with measures to strengthen welfare work for the aged and handicapped, consolidate the public insurance insurance program, secure employment opportunities for the aged, improve the educational environment, and step up basic scientific research.

Regarding economic cooperation expenditures, special care is given to increasing the official development assistance (ODA) budget in consideration of the international situation and other factors. As for defense-related spending, care is given to ensuring the qualitative improvement of defense capabilities while keeping it in balance with other expenditures.



With regard to expenditures for energy measures, various measures will be implemented in a planned and steady manner based on a mid- and long-term projection. As regards expenditures for small business measures, the budget provides for measures to promote the modernization and structural improvement of small and medium businesses to enable them to cope with the changing environment around them. In spending for agriculture, forestry, and fisheries, efforts will be made to implement various measures effectively on a priority basis, with main emphasis placed on fostering a highly productive agriculture while restructuring production in keeping with the trends in demand.

In addition, we further trimmed the food control account to make it more reasonable while accelerating the nationalization of national railroad management. With respect to the public works account, the total expenditure is set at a lower level than in the fiscal 1984 budget in view of the fiscal crunch. However, priority is given to consolidating social capital, the basic factor in improving the people's living condition. Funding for general public works projects is set at a higher level than for fiscal 1984.

As regards local government finances for fiscal 1985, a 580-billion yen revenue shortfall is anticipated due to the adverse effects of the reduced rate of [words indistinct]. However, the government will take measures in regard to local government finances, such as an extraordinary measure relating to grants to local governments, so that there will be no obstruction to the appropriate operation of local governments. Local governments are urged to reduce expenditures and allocate revenues more effectively.

I will take this opportunity to say a few words concerning the revised budget for fiscal 1984. In the revised budget, measures are provided to defray added disaster relief funds, cover pay raises, cope with the drain on the national treasury resulting from the implementation of the revised public health insurance law, and to cover additional entitlement payments. The revised budget covers those measures which are urgent and unavoidable due to reasons which cropped up after the initial budget had been worked out.

To raise funds for these measures, we will cut down on budgeted expenditures, reduce the reserve account, and increase tax, stamp, and nontax revenues. To avoid floating an additional deficit-covering bond, we had to earmark one half the net surplus carried over from fiscal 1984 -- 250.6 billion yen -- for that purpose. As for the other half of the net surplus fund, it will be transferred to the special-bond sinking fund as a source of funding to redeem the bonds in accordance with the provisions of the Finance Act.

As to the disasters of 1984, seeking to provide early relief from them we earmarked 185 billion yen worth of construction bonds. As a result, the total fiscal 1984 General Account, after revision -- both revenues and expenditures -- is increased by 886.1 billion yen from the initial budget to 51.5134 trillion yen. In addition, to help maintain sustained economic expansion, an additional 204.6 billion yen is earmarked for contract authorization for general public works projects in the General and Special accounts. As a result, a total of 300 billion yen is secured for public works spending. This concludes my explanation of the outline of the fiscal 1984 revised budget. I ask you to deliberate and approve it quickly.

1985 marks the threshold of a new decade. In the coming decade Japan must build an affluent economy filled with vitality, while contributing to world peace and prosperity. To that end, we have to tackle boldly tasks immediately confronting us. Needless to say, fiscal reform in particular is a task we must accomplish without fail so that we will leave our posterity with no heavy burden. Government finance is for the good of the people and, at the same time, it is supported by them. With the understanding of our citizens, the government will tackle such problems as how the benefits should be related to the burden, and what prospects we should open up for government finance in the future. I earnestly urge you to give us your great support and cooperation.  
[applause]

## Kaneko on Economic Policy

OW280931 Tokyo NHK Television Network in Japanese 0534 GMT 25 Jan 85

[Speech by Ippei Kaneko, director general of the Economic Planning Agency, to a House of Representatives plenary meeting of the resumed 102d regular Diet Session -- live]

[Text] I would like to state my views concerning the immediate tasks facing our nation's economy and our basic philosophy of economic management.

Nineteen eighty-five is a year of epochal significance marking the 40th anniversary of the end of World War II, with 15 years until we usher in the 21st century. The Japanese economy is expected to reach a 300 trillion yen level in its scale in 1985, which means that it has approximately doubled its size in a decade. We have arrived at a juncture where we must ponder anew the place we now occupy, in the light of both the years we have lived through and the advances we have made in our relations with world nations since the end of the war. At this juncture, we are required to look squarely at the future and respond to all the tasks facing us in a speedier and more serious manner than ever before.

Looking back on the years since the first oil crisis, we find that it was a decade full of commotion and agitation, instability and opacity in the national and world economies. During this period, the Japanese economy, while fighting severe storms, performed better than other countries in many areas including prices, and growth and unemployment rates, thanks to the wisdom and excellent responses of our people. In retrospect, we realize that preparations for a take-off toward the next era have already begun in this period -- in the form of new awareness, new facts, and new industries. The task facing our economic management at this threshold of a new era is to satisfactorily promote these moves, and to firmly lead them to a new growth accompanied by a creative restructuring of the economic community.

Next, I would like to outline the present state of the economy at home and abroad.

The world economy, led off by the upturn trend of the U.S. economy, is as a whole showing basic signs of recovery although there are differences by country or region. Inflation is subsiding and plan-and-equipment outlays are showing a generally steady trend. Nevertheless, there are several factors causing our concern -- that is, the worldwide high interest rates originating in the United States; the high unemployment rates, mainly in European countries; the global current-account imbalance; and the accumulated debts of developing nations. Under these circumstances, the protectionist trend remains unabated.

The Japanese economy, emerging from a 3-year recession, has been on a steady upturn since the spring of 1983 amid the continuing price stability. Furthermore, speaking of substance, the upturn is gradually shifting from a recovery process relying on increased exports prompted by the U.S. economic expansion into an expansion well balanced in terms of domestic and foreign demand.

Private investments in plants and equipment are steadily increasing. Exports are also on the increase. Consumer spending and housing investment are expected to rise steadily, although it will be a slow process. Externally, the nation's current account continues to post a considerable large surplus, while the massive outflow of long-term capital continues.

In view of these factors at home and abroad, the real growth for fiscal 1984 can now be estimated at 5.3 percent, which is considerably higher than the 4.1 percent estimate at the beginning of last year.

Meanwhile, the growth for fiscal 1985 is estimated at 4.6 percent in real terms, as a result of planned government policies and the private sector's display of vitality, on which I will elaborate later in this speech. The contribution of foreign demand to this growth will decline while that of domestic demand will steadily increase. At the same time, consumer spending and housing investment will also increase their contributions, turning the nation's domestic demand into a more balanced one.

Under these circumstances at home and abroad, I plan to focus on the following points in managing our nation's economy:

First, I will endeavor for a sustained economic upturn mainly based on the domestic, private demand and, at the same time, secure employment stability. Coming out of the tunnel of a 3-year recession, the Japanese economy has moved from recovery to expansion and now light is seen for its future. At this time, taking advantage of the favorable opportunities created by factors at home and abroad, I am determined to make uninterrupted efforts to ensure a sustained expansion of our economy.

To that end, I will continue to implement administrative and fiscal reform measures and create the best environment for the private sector to display its vitality to the full. At the same time, I will strive for efficient and flexibility policy management based on economic trends.

In the fiscal policy area, in the proposed budget for fiscal 1985 we decided to secure a higher level of general public works expenditure than in the previous year despite the severe fiscal circumstances surrounding us. In future we will also continue to work for effective and flexible management in the fiscal area, taking the current economic trends into account.

Furthermore, in the financial policy area, we consider it important to work for effective and flexible management based on economic and financial trends at home and abroad. At the same time, in view of the need for the private sector to display its vitality, we consider it important to accelerate research and development programs in the high technology and fundamental technology fields. With this in mind, we have decided to take necessary measures.

Meanwhile, as regards the so-called decontrol issue, one of the most urgent and important tasks facing us, we will continue to promote the decontrol policy in a forceful manner.

Second, I will see to it that the basically stable price trend continues in a sustained manner. The stability involving prices is a basic condition for the stability of the people's livelihood; especially, as our society quickens its pace of expanding its aged population in the future, it is considered to be one of the most important policy tasks facing us.

Speaking of future price trends, the present fundamental stability is expected to continue, with wholesale and retail price rises in fiscal 1985 estimated at approximately 1.1 and 2.1 percent respectively. In the future, too, we will maintain a careful watch on price trends and take flexible measures whenever necessary to retain the basically stable trend.

Regarding public rates and charges, we will continue to administer them in a strict manner, considering the grave impact of changes in them on prices in general and the livelihood of the people.

Furthermore, through appropriate responses to the changes in economic life, we will work to further increase our people's affluence. We will study creative measures, including those relating to future economic and social systems befitting a new age in which our people's life expectancy will be 80 years.

At the same time, we will implement measures to protect and advance consumer interests, including those designed to upgrade the administration of consumer interests, to effectively respond to developments in the emerging information and service networks.

The third point concerns Japan's harmonious economic relations with foreign countries and its contributions to the world economy. Amid the trend of increasing interdependence and interpenetration in international relations, our country now accounts for 10 percent of the world economy. Therefore, our nation is now called upon to lead the battle against protectionism and to make positive contributions worthy of its international position toward the balanced development of the world economy. To that end, the government has on successive occasions adopted external economic packages and has since been implementing them.

In the package adopted in December last year, to contribute to the economic development of developing nations, abide by the accord of the OECD ministerial council, and voluntarily advance efforts to preserve and strengthen free trade, the government decided to carry out the preschedule reduction of tariffs agreed upon in the Tokyo round of the GATT and to improve the Specified Tariff System by implementing such measures as increasing ceilings on specified items.

We will continue to firmly implement the announced measures, and to positively tackle external economic issues. In addition, we will continue to make energetic efforts to convene a new round of the GATT for the further expansion of world trade. At the same time, to contribute to the international community as a peace-loving nation, the government, in the proposed budget for fiscal 1985, has directed special attention to Official Development Aid expenditures. In the future, too, we will strive both for the upgrading of the program and for its efficient and cost-effective management.

These then are my views concerning the immediate tasks facing our nation's economy and our basic philosophy of economic management.

In our country, a technological revolution centering on such things as electronics and on advanced information networks backed by this revolution are making rapid progress in the midst of rising hopes for it to play the role as a driving force of economic and social development in the new age.

Under these circumstances, toward the end of last year, we carried out the first review of the published Prospects and [word indistinct] for Economic and Social Development in the 1980's. The results of this review were published in the [words indistinct] report for fiscal 1984.

The task facing mid- and long-term economic management is to promote the various reforms under way, including administrative and fiscal reforms, in a still more forceful manner and, by doing so, build a new economic and social structure befitting the forthcoming new age. At the same time, we will work, on the basis thus created, for efficient economic management so as to achieve an inflation-free, sustained mid and long-term growth centering on the nation's domestic demand.

Fortunately, our nation is expected to continue to display its outstanding traits, such as a strong propensity for saving, a high entrepreneurial spirit, fine labor-management relations, and what is more, a resilient adaptability to changes. I believe that by giving full play to these innate traits, it is possible to explore new frontiers and build an economy full of vitality. I will do my best to steer our economy toward this goal. I earnestly ask our fellow citizens for their support and cooperation.  
[applause]



NAKASONE, ISHIBASHI DEBATE DEFENSE, TAXES

OW281145 Tokyo KYODO in English 1127 GMT 28 Jan 85

[Text] Tokyo, Jan. 28 KYODO -- Prime Minister Yasuhiro Nakasone conceded Monday Japan's defense spending may exceed 1 percent of the gross national product, but assured the nation future defense outlays would remain "under moderation." Nakasone, in outlining the government policy positions at a Diet debate, also defended his "understanding" of the U.S. "star wars" defense program, a stand that drew attacks from the opposition camp.

Defense spending and the U.S. "star war" concept dominated the first day of Diet interpellations that featured a heated exchange between Nakasone and Masashi Ishibashi, chairman of the top-opposition Japan Socialist Party at the House of Representatives.

Turning to other areas of policy debate, Nakasone also suggested the possibility of new tax increases, both direct and indirect, and ruled out any tax cut. "It will be matter for the cabinet and the National Defense Council if a review (of the defense spending policy) becomes necessary," Nakasone told the Diet amid catcalls from the opposition camp.

The prime minister, however, said that cabinet and the National Defense Council will debate ways to keep defense outlays "under moderation" if a review of the current defense spending guideline -- pursued by the government since 1976 -- become necessary.

Ishibashi took issue with the defense spending policy, arguing that the "1 percent" limit would lead to run-way military spendings.

Nakasone sidestepped the question of whether the defense budget for fiscal 1985 would exceed 1 percent of the GNP, saying there still are uncertain economic variables such as actual rate of economic growth and the size of pay increase for the Self-Defense Forces. The 3.14 trillion yen (12.5 billion dollars) defense bill for fiscal 1985, approved by the government last December, stands at 0.997 percent of the projected GNP.

Government officials, including Defense Agency chief Koichi Kato, have said the defense budget would exceed the "1 percent" barrier if pay hikes for the Self-Defense Forces were included.

Ishibashi urged the prime minister to withdraw support for U.S. "star wars" program, but Nakasone defended the government's pro-U.S. stand, arguing that the so-called strategic defense initiative does not involve nuclear weaponry and is eventually aimed at doing away with all nuclear weapons.

Nakasone turned down Ishibashi's proposal for a 1.05 trillion yen tax cut in fiscal 1985, saying "the current (fiscal) environment is not conducive for a tax cut." Nakasone denied the government was planning to introduce a general consumers' tax, but admitted the current review of the taxation system would involve an increase in both direct and indirect taxes.

PRIME MINISTER OUTLINES POLICIES IN UPPER HOUSE

OW290545 Tokyo KYODO in English 0527 GMT 29 Jan 85

[Text] Tokyo, Jan. 29 KYODO -- Prime Minister Yasuhiro Nakasone said Tuesday the government will review the taxation system, but has no plan to introduce the general consumer tax under his administration.



Nakasone repeated the taxation policy stand he made Monday at the House of Representatives to members of the House of Councillors in the first day of interpellation at the upper chamber. Nakasone also reiterated the government's posture on defense policy, saying the government has no plan to seek a review of the country's basic defense policy set up in 1976. He said the current priority is to implement the military build-up target set out in the 1976 defense program.

Nakasone also cited some statistics as evidence that Japan's defense spendings have been held in moderation. He said the defense budget has grown 23 times in the 30 years between fiscal 1955 and fiscal 1985, compared to 91 times in social welfare, 37 times in science and technology outlays. Overall government outlays during the 30-year period have increased by 40 times, he said.

Nakasone repeated the government's stand in giving qualified support to the U.S. "strategic defense initiative," better known as the "star wars" space defense program. He said he had given his "understanding" for the research of the "star wars" program because the system is both defensive and non-nuclear. On education, the prime minister also assured the upper house that the ad hoc Education Reform Council will not tinker with the country's basic law on education.

Nakasone made the remarks in response to interpellations posed by Akira Ono, chairman of the Socialist Party's House of Councillors assembly, and Raishiro Koga, chairman of the ruling Liberal-Democratic Party's upper house Policy Board. Ono denounced the U.S. "star wars" plan as violating the United Nations' resolution to ban arms in space and called on the prime minister, as leader of a non-nuclear and peaceful country, to "discharge his mission" of keeping outer space free from military use. Nakasone said Japan's position on the U.S. "star wars" research program is based on the "understanding" that the program will be a "defensive" weapon system designed ultimately for the destruction of the world nuclear arsenal. He said Japan "will determine for itself" whether the U.S. "star wars" project will depart from its ultimate peaceful objective, an indication that Japan may change its mind in backing the "star wars" project sometime in the future.

#### NAKASONE HOPES FOR SAFE RETURN OF KIM TAE-CHUNG

OW281033 Tokyo KYODO in English 0903 GMT 28 Jan 85

[Text] Tokyo, Jan. 28 KYODO -- Prime Minister Yasuhiro Nakasone said Monday he hopes South Korean dissident Kim Tae-chung has a safe return to Seoul February 8. Nakasone made the statement in answer to Japan Socialist Party Chairman Masashi Ishibashi at a plenary session of the House of Representatives. Kim, once sentenced to death on sedition charges but allowed to go to the United States in December 1982, plans to return to Seoul before a general election there later in the month. Nakasone refused comment on the possibility of Kim being imprisoned after his return, saying that his treatment is an internal problem for South Korea.

A group of lawyers and other experts, meanwhile, presented a petition of about 500 names to the Foreign Ministry later Monday, demanding that the Japanese Government strongly ask South Korea to guarantee Kim's safety and freedom when he returns home. The petition said that the Japanese Government shirked its responsibility for Kim's safety and freedom when the South Korean opposition leader was abducted from a Tokyo hotel in 1973. Moreover, it said, Japan virtually relinquished its responsibility and obligation under both international and domestic law by concluding a so-called political settlement with South Korea on the abduction case.

NTT PROCUREMENT DISPUTE SETTLED WITH U.S.

OW291053 Tokyo KYODO in English 1037 GMT 29 Jan 85

[Text] Tokyo, Jan. 29 KYODO -- Japan and the United States reached basic agreement Tuesday on future procurements of foreign telecommunications equipment by Nippon Telegraph and Telephone Corp. (NTT).

The agreement came out of a bilateral meeting on telecommunications which ended Tuesday without the session scheduled for Wednesday a Foreign Ministry official said. It was the first in a series of high-level sectoral talks between the two countries. The dispute centered on future procurements of foreign telecommunications products by NTT which will become a private entity on April 1.

Posts and Telecommunications Vice Minister Moriya Koyama assured the United States that NTT would continue to purchase telecommunications equipment from American and other foreign suppliers after it goes private, a Japanese official said.

Deputy U.S. Trade Representative Michael Smith and Undersecretary of Commerce Lionel Olmer also requested that Japan buy American satellites after April, the official said. Koyama, Smith and Olmer joined Deputy Foreign Minister Reishi Teshima, leader of the Japanese delegation to a two-day high-level meeting Monday and Tuesday morning, in the sectoral talks on telecommunications.

Telecommunications is one of four areas in which the United States asserts it can offer competitive products to the Japanese market. The other three are electronics, forest products, pharmaceuticals and medical equipment.

Starting April 1, NTT and other private Japanese firms can purchase foreign satellites in principle, although NTT executives have said they have no intention of doing so.

During the high-level talks on the four sectors, Allen Wallis, undersecretary of state and head of the U.S. delegation, stressed that the Reagan administration is placing special emphasis on winning greater access to the Japanese telecommunications market.

During three hours of talks on telecommunications at the Foreign Ministry Tuesday afternoon, the American negotiators also urged Japan to accept foreign data and take into account opinions of other countries in setting technology standards, the Foreign Ministry official added.

Speaking on the condition that he not be named, another Foreign Ministry source said the American trade negotiators also expressed concern about NTT's cross subsidization. The Japanese dismissed the fears, the source added.

The two sides also discussed "neutrality" of screenings of terminal equipment to be purchased by NTT, the source said without elaboration. NTT will set up a new procurement inspecting organ after it is privatized and the U.S. has called for the "neutrality" of the body, with no special representation given to the related matters.

The next sectoral meeting on telecommunications will be held next month but no other details were given.

PAPER URGES UNITY WITH REVOLUTIONARY FORCES

SK290337 Pyongyang Domestic Service in Korean 2138 GMT 28 Jan 85

[NODONG SINMUN 29 January special article: "Let Us Further Strengthen Unity With International Revolutionary Forces"]

[Text] Having evaluated the brilliant success attained in the sector of foreign relations last year in his New Year's message, the great leader Comrade Kim Il-song set forth a programmatic policy for continuously strengthening unity with international revolutionary forces. The foreign policy clarified by the respected and beloved leader Comrade Kim Il-song in his New Year's message is very just in light of the subjective and objective situation that has developed in our country, in light of the basic interest of our revolution, and in light of the interest of the overall world revolution.

As the great leader Comrade Kim Il-song noted in his New Year's message, last year was a historic period during which the international solidarity of our revolution was further strengthened. Last year, relations of friendship and cooperation between our country and fraternal socialist countries developed to a new, higher stage. Thanks to the positive external activities of our party and the government of the republic, a new, brilliant chapter was added to the history of the traditional friendship and cooperation between our country and fraternal countries and a firm guarantee was provided for further consolidating and developing relations of militant friendship and unity and close cooperation on the single road of achieving the victory of socialism and communism.

Last year, relations of friendship and cooperation with Third World countries, including nonaligned countries, developed further. State leaders and high-ranking delegations from various Third World countries visited our country, and many delegations of our country visited various foreign countries. Thus, our republic's foreign relations expanded further, and ties of friendship between our people and the peoples of developing countries were further developed and strengthened. The opening of a new prospect for realizing South-South cooperation by taking a positive measure to achieve collaboration with several African countries in the agricultural sector was a result attained last year by our party and the government of the republic in the sector of foreign relations.

Such a success attained last year in the sector of foreign relations was a precious fruition of external activities personally carried out by the respected and beloved leader Comrade Kim Il-song, and was the result of our party's wise leadership in the implementation of the foreign policy set forth by the great leader. This success is the clear token of the justness and great vitality of our party's foreign policy, the basic idea of which is independence, friendship, and peace. By successfully paying official friendly visits to the Soviet Union and European socialist countries and an unofficial visit to the PRC, the great leader Comrade Kim Il-song brilliantly contributed last year to developing relations of friendship and cooperation with fraternal parties and countries, to strengthening the unity of the international communist movement, and to preserving world peace.

The course of the great leader Comrade Kim Il-song's visits to fraternal countries vigorously demonstrated the high authority of the respected and beloved leader Comrade Kim Il-song on a world-wide scale. The peoples and leaders of fraternal countries unanimously and highly appreciated the great achievements attained by the respected and beloved leader Comrade Kim Il-song for the Korean and the world revolutions, and showed high respect and heartily extended support for the respected and beloved Comrade Kim Il-song, describing him as an outstanding activist of the international communist and labor movements and as the publicly recognized leader of the world revolution of the present age.

Through historic meetings with the leaders of fraternal countries, the great leader Comrade Kim Il-song further developed mutual trust and understanding; made relations of comradeship, friendship, and intimacy much closer; and reaped good results in all the countries he had visited.

Indeed, the visits paid by the great leader Comrade Kim Il-song to fraternal countries last summer and fall were an epochal opportunity for strengthening the unity of socialist forces and the international communist movement as a whole.

Along with the great leader Comrade Kim Il-song's unofficial visit to the PRC, the visit to our country last May by Comrade Hu Yaobang, CPC general secretary, was a significant event making Korea-China friendship blossom beautifully. Through the mutual exchange of visits, contacts, and talks, the traditional Korea-China friendship developed further last year.

With the further strengthening of unity with the international revolutionary forces, a much more favorable circumstance was provided last year in developing our revolution. The Korean revolution is linked to the world revolution, and the victory of our revolution depends greatly on strengthening unity with the international revolutionary forces, as well as on strengthening a *chuche*-type revolutionary force. The tie of strong international solidarity is one of the factors responsible for the victory of our revolutionary cause.

Struggling to consolidate and develop the success attained in the work of foreign relations last year and to further strengthen unity with the international revolutionary forces by implementing the foreign policy set forth by the great leader Comrade Kim Il-song in his New Year's message is one of the important tasks looming before us this year.

The important thing, above all, in strengthening the international revolutionary forces is to strengthen friendship and unity with socialist countries.

The great leader Comrade Kim Il-song taught, in his New Year's message: Just as in the past, our party and the government of the republic will exert a positive effort to strengthen friendship and unity with all the socialist countries of the world and to develop economic and technical exchanges and cooperation with them.

Our party's foreign policy of attaching importance to friendship and unity with socialist countries proceeds from the basic aim of winning the victory of the common cause of building socialism and communism. Friendship and unity among socialist countries guarantee the victorious progress of the socialist cause by overcoming the isolation of individual socialist countries before the imperialists' joint reactionary offensive and by achieving the strong ties of class solidarity.

Unity is the most powerful weapon of the working class. Always regarding unity as a most precious weapon in the struggle against the international capitalists since its emergence on the stage of history, the working class has pioneered the road of victory by taking recourse in the strength of unity.

Only by firmly uniting and by struggling through joining efforts as revolutionary comrades-in-arms can socialist countries and communist and workers' parties successfully perform common tasks, such as the anti-imperialist struggle, and accelerate the victory of the cause of socialism and communism.

Positively developing economic and technical exchanges and cooperation among socialist countries is an important requirement for successfully carrying on socialist economic construction.



The peoples of socialist countries are class brothers who struggle to achieve a common aim and ideal, and the economies of socialist countries are planned and popular economies which develop in accordance with identical socialist economic rules.

When socialist countries achieve extensive cooperation and exchanges among them based on relations of excellent friendship and trust, they can successfully handle relations in socialist construction and overwhelm capitalism in the economic and technical sectors.

Friendship and cooperation with socialist countries will greatly encourage and support the struggle of our people to achieve the fatherland's reunification. Another important thing in strengthening unity with the international revolutionary forces is to develop relations of friendship and cooperation with Third World countries and to achieve South-South cooperation.

The great leader Comrade Kim Il-song taught, in his New Year's message: Our party and the government of the republic will develop collaboration and exchanges with more Third World countries in various sectors, including the agricultural sector, and will make a positive effort to extensively achieve South-South cooperation by joining efforts with all developing countries.

Along with socialist countries, nonaligned and Third World countries are the main forces strengthening the international solidarity of our revolution. The Korean people and the peoples of Third World countries were once oppressed and treated contemptuously; their past positions were identical; they have a common stand in dealing with the basic problem of our era; and their destinies are linked together and inseparable.

Third World and developing countries are important forces struggling to oppose imperialism and to achieve sovereignty. Their struggle has made the relations of international forces much more favorable to the revolution and very unfavorable to the imperialist reactionaries, and has vigorously promoted the progression of history.

Strengthening the ties of friendship between our people and the peoples of developing countries, positively developing collaboration and exchanges with more Third World countries in various sectors, and extensively achieving South-South cooperation will contribute to expediting the victory of our revolutionary cause and the worlds' anti-imperialist cause of independence.

Achieving South-South cooperation will solve an important problem in destroying the old international economic order, in establishing a new international economic order, and in helping developing countries achieve economic self-reliance. If nonaligned and developing countries achieve South-South cooperation in unison, they will successfully resolve difficult and complicated problems in building a new society, and open a favorable phase in destroying the timeworn and unequal international economic order established by the imperialists and in establishing a new, fair, international economic order.

It is also important to develop relations of friendship with all countries of the world which treat our country in a friendly manner, in expanding our country's foreign relations and in strengthening international solidarity on the basis of equality and reciprocity.

Developing relations of friendship with all countries of the world which respect our country's sovereignty and treat our country in a friendly manner meets the urgent requirement for strengthening international solidarity of our revolutionary cause and interest in the world's cause for peace.



In strengthening unity with the international revolutionary forces, we should value unity with all the antiwar, antinuclear, and peace-loving forces of the world and exert a positive effort to achieve this end. Strengthening unity with the international revolutionary forces is a very important task in preparing one of the important factors for the victory of our revolutionary cause. The more we win support for and sympathy with our revolutionary cause by strengthening unity with the international revolutionary forces, the more we will isolate the U.S. imperialists and their stooges and the more favorable we will make international circumstances for developing our revolution.

Our party's foreign policy set forth by the great leader Comrade Kim Il-song is just and has invincible vitality. Our party's independent and principled foreign policy will win a brilliant victory, and international solidarity with our revolutionary cause will be strengthened with the passage of time.

#### CHINESE CREWMAN CRATEFUL FOR FRIENDSHIP GESTURE

SK282235 Pyongyang KCNA in English 1514 GMT 28 Jan 85

[Text] Pyongyang January 28 (KCNA) -- A round-table conversation was held on January 24 at Nampo port between Korean workers, and medical workers who saved a Chinese crewman from death, and Chinese crewmen.

Xu Yangyi, Chinese crewman who had been working for moor aboard the ship Maijin which anchored at Nampo port fell into water after losing consciousness with the joint broken at various places including legs and pelvis on the night of December 1 last year as the wire rope connecting the dock and the ship was cut off. He was saved by Korean workers working at the dock and fully recovered his health in about 50 days with the active treatment and deep sincerity of medical workers of the Nampo Municipal People's Hospital. The master and crewmen of the ship said seeing him mortally wounded that it would be difficult to save his life.

Xu Yangyi had this to say at the round-table conversation: Now, my health is very good I feel quite well. Warm blood of Korean brothers is flowing in my body. I was reborn here in this world. If I got such wounds in other country, not in Korea, I would not have been saved.

The deeds of Korean comrades who saved me from death are those which can be seen only among class brothers who help and support each other, sharing life and death for a common goal and aspiration. I will always do everything possible to keep in bloom generation after generation the traditional China-Korea friendship sealed in blood no matter where and what I may do in the future.

He extended deepest thanks to the dear leader Comrade Kim Chong-il for having accorded great love and care to save his life and wholeheartedly wished him good health and a long life. A letter of thanks to dear Comrade Kim Chong-il was read out at the round-table conversation.

#### VRPR REPORTS ON 427TH PANMUNJOM MAC MEETING

SK280615 Clandestine Voice of the RPR in Korean to South Korea 1000 GMT 26 Jan 85

[Text] The 427th meeting of the Military Armistice Commission was held at Panmunjom on 25 January at the request of the North side. At the meeting, the North put forth a 6-point list of principles and demands that these matters be realized, denouncing the "Team Spirit-85" exercise which the U.S. imperialists and the Chon Tu-hwan ring will stage beginning 1 February.

Major General Yi Tae-ho, senior member of the North side, exposed that the "Team Spirit-85" joint military exercises, which the U.S. imperialists and the Chon Tu-hwan ring will stage, is a preliminary war and a nuclear test war -- just like actual warfare -- aimed at attacking the North from the ground, sea, and sky. He said that this exercise is a wanton infringement upon the cease-fire agreement and can never be tolerated. Also saying that military provocations against the North side are continuing, he exposed the facts that the Chon Tu-hwan ring fired at the North's fishing boats and schemed to kidnap them on the high seas in the East Sea on 22 January, that the ring infiltrated two fighters into the sky over a point on the North's side in the DMZ on 23 January, and that it has frequently infiltrated SR-71 high-speed, high-altitude, reconnaissance planes into the sky over the coastal seas of the North side, thereby committing acts of espionage.

The senior member of the North side denounced the "Team Spirit-85" joint military exercise as a grave obstacle to the peace and peaceful reunification on the Korean peninsula, saying that the exercise is a military racket which throws cold water on the atmosphere for the hard-won South-North dialogue, and obstructs the dialogue.

The senior member of the North side said: The prevailing situation urgently demands that the tense situation be eased in our country, an appropriate atmosphere for dialogue be created, and the armistice be turned into a durable peace. In accordance with the Armistice Agreement, he proposed to the U.S. side six principles, which include stopping large-scale aggressive exercises like the "Team Spirit-85" joint military exercise which threatens the North with arms; stopping all types of military provocative acts; unconditionally withdrawing all weapons and military equipment and stopping the augmentation of new aggressive forces; ensuring that grave incidents like the Panmunjom shooting incident will not recur; responding to the North's proposal for tripartite talks at an early date; and laying no obstacles before the North's sincere efforts to advance South-North contact and dialogue. The senior member of the North side warned that if the U.S. imperialists and the Chon Tu-hwan ring do not comply with these demands, they will bear total responsibility for the results.

#### SOVIET PAPERS CRITICIZE 'TEAM SPIRIT-85' PLANS

SK260405 Pyongyang KCNA in English 0350 GMT 26 Jan 85

[Text] Moscow January 24 (KCNA) -- The Soviet paper PRAVDA January 24 in a commentary headlined "Along the Road of Provocations" says that preparations for the large-scale "Team Spirit 85" joint military rehearsal of the United States and South Korea are being stepped up at the final stage in the South of the Korean peninsula. The paper further points out: While circulating sophism about "threat from the North", the U.S. Administration and Seoul "regime" are persistently following the lines of stepping up war preparations and heightening tensions in the Far East. Another showdown of strength under the present international situation is a challenge to all the peace-loving public circles in this region. A solution to the problem should be found in talks, not by means of aggression, war schemes and provocations.

Another Soviet paper SELSKAYA ZHIZN January 23 says in an article captioned "Provocations": The U.S. forces and South Korean puppet army more than 200,000 strong, hundreds of tanks, armoured cars, warships of the U.S. Navy will participate in the projected "Team Spirit 85" war rehearsal. For its hegemonist "interests" in this part of the world the U.S. Administration wantonly tramples underfoot the national sovereignty of the Korean people and their desire for an independent solution of their internal affairs.

GENERAL FEDERATION OF TRADE UNIONS PLENUM HELD

SK290857 Pyongyang Domestic Service in Korean 1500 GMT 16 Jan 85

[Text] The Ninth Plenum of the Central Committee of the General Federation of Trade Unions of Korea was held in Pyongyang on 16 and 15 January. Chong-suk, secretary of the WPK Central Committee, and full and candidate members of the GFTUK Central Committee as well as GFTUK functionaries of provinces, cities, counties, plants, and enterprises participated in the meeting.

The GFTUK organizations' task in implementing the decision of the 10th Plenum of the 6th WPK Central Committee -- the national economic plan for 1985 -- and the policy of permeating the society with the chuche ideas was discussed at the meeting.

At the plenum, Kim Pong-chue, chairman of the GFTUK Central Committee gave a report on the first and second agenda items, and many other participants of the meeting joined the discussions.

While discussing the first agenda item, the speaker and the participants in the discussions said that the 10th Plenum of the 6th WPK Central Committee called for stabilizing production at a high level and thoroughly implementing the independent financial operation system in accordance with the Tae'an work system in fulfilling the national economic plan for 1985. The great leader Comrade Kim Il-song's summary of last year's achievements at the plenum and his programmatic teachings for the fulfillment of the national economic plan for this year were noted at the meeting.

At the meeting, the many achievements made last year in the work of the GFTUK were noted, and the new revolutionary upsurges, which the GFTUK organizations brought about last year by vigorously carrying out the political and economic agitation work in Komdok, Musan, Anju, and Hyesan Districts which moved the producers, and by actively organizing the campaign of socialist competition were discussed.

The fact that the GFTUK won great successes last year by encouraging plants and enterprises to overfulfill their targets by ensuring that they actively carry out the campaign of creating loyal model machine units to emulate the No 26 lathe and institute the technical innovation campaign to this end was also noted at the meeting. And the fact that all the successes were won as a result of the wise leadership of the great leader and our party and their illumination of the path of the GFTUK was stressed at the meeting.

The speaker and the participants in the discussion noted that the 10th plenum of the 6th party Central Committee put forth as the main task of the national economic plan for 1985 the work of bringing about new upsurges in socialist economic construction and of epochally improving the people's standard of living by giving priority to the extraction industry, railway transport, and the metallurgical industry. They said that, is the main tasks of the national economic plan are successfully accomplished this year, in which we will observe the 40th anniversaries of the fatherland's liberation and the founding of the party, the political and economic might of our country will be further nourished, the material foundation for the complete victory of socialism and the fatherland's independent and peaceful reunification will be further strengthened, and new great progress will be made in our party's and people's struggle to permeate the society with the chuche idea.

The meeting stressed the need for the trade union organizations to positively contribute to successfully fulfilling this year's national economic plan by keeping the flames to create the "speed of the eighties" burning strongly through actively conducting such political tasks as ideological education and socialist emulation among the masses.

Stressing the need to give priority to the development of the mining industry, the participants in the meeting unanimously noted that the trade union organizations should vigorously call the working class and members of the trade unions into the struggle to develop the coal industry and rapidly increase the production of ferrous metals.

The meeting put forth measures aimed at smoothly meeting the increasing demand for transport in the national economy by concentrating a great deal of effort on developing railway transport, at further increasing production of steel products by boosting the metals industry, and at heightening the role of the trade union organizations in the struggle to drastically improve the people's standard of living.

The meeting noted the need for the trade union organizations to encourage and propel the working class and members of the trade unions to a struggle to correctly implement the independent accounting system and to normalize production at a higher level. The meeting also stressed that the trade union organizations should heighten their roles and functions and improve the work methods and work ethos of the trade union functionaries in order to successfully fulfill this year's plan for the national economy.

During the discussion of the second agenda item, the reporter and participants stressed that the implementation of the policy to model society after the *chuche* idea is the most important task facing the trade unions today. They stressed that the implementation of the policy to model society after the *chuche* idea is the fundamental principle and demand for the construction of trade unions aimed at inheriting and defending the revolutionary character of the GFTUK which was established, strengthened and developed on the basis of the respected and beloved leader's revolutionary ideas.

The meeting noted the various successes achieved by the trade unions in the past by strengthening the work of educating the working class and members of the trade unions so as to arm them with *chuche*-oriented ideas, theories, and methods and the task of calling them to implement the party's decisions and directives.

The meeting discussed the tasks facing the trade union organizations in implementing the policy of modeling society after the *chuche* idea in accordance with the demands of the developing reality.

The meeting paid due attention to problems facing the trade union organizations -- deepening the educational work designed to strengthen political and ideological unity and revolutionary cohesion of the entire federation upholding the party's leadership with loyalty; establishing a revolutionary ethos within the federation of implementing the party's decisions and directives unconditionally and thoroughly; and establishing strong organizational discipline by which the entire federation moves as one under the party's leadership.

Stressing the need for the trade union organizations to observe the spirit of unconditionality and absoluteness in implementing the party's decisions and directives, the meeting emphasized the need to decorate this significant year as the most brilliant one in national history by vigorously launching the gift of loyalty in the movement to celebrate the 40th anniversaries of national liberation and of the founding of the party, the national festival for technological renovations to celebrate the 40th anniversary of the founding of the WPK, and the socialist emulation of loyalty to celebrate the 40th anniversary of the founding of the WPK.

The meeting stressed the need for the trade union organizations to organize the entire federation as a revolutionary rank inheriting the bloodline of *chuche* by tenaciously carrying on the work of implementing the policy of modeling society after the *chuche* idea. The plenum adopted the appropriate plans of execution.



EDITORIAL ON IMPORTANCE OF ECONOMIC PLANNING

SK290451 Pyongyang Domestic Service in Korean 2126 GMT 28 Jan 85

[NODONG SINMUN 28 January editorial: "Let Us, the Economic Guidance Functionaries, Command Production by Adhering to the Plans"]

[Text] Our economy is a planned economy. The economic guidance functionaries should always adhere to the plans. The functionaries' ethos of commanding production by adhering to plans should be displayed higher in today's struggle to achieve a new progress in socialist economic construction by implementing the New Year's address of the great leader Comrade Kim Il-song and the decisions of the 10th plenum of the 6th party Central Committee.

The great leader Comrade Kim Il-song has taught: The socialist economy can be operated and developed only in accordance with plans. Production and management activities serve to implement the state's plans. Economic plans are like battle operations. Only when one clearly grasps, views, and handles everything on the basis of this can one carry out well the work of production, management, and operation in a proper and unbiased fashion.

State plans guarantee the basic factors of production, such as raw materials and materials, and realize the production links among various sectors. Thus, adherence to plans is very important both in terms of individual plants and enterprises and from the standpoint of general development of the people's economy.

The dear Comrade Kim Chong-il [title as heard] has clearly indicated the direction and elucidated ways to improve and step up the planning work in economic development, fully aware of the importance and significance of the planning work in economic development.

This year's plans, which are dynamic and realistic, most correctly reflect the intentions of the party and the leader and the present situation of our country's economic development. Reflected in those plans are the objective which we should strive to attain this year and the ways to attain those objectives. The economic guidance functionaries have been assigned the duty of adhering to these plans and implementing them. Above all, the economic guidance functionaries should clearly grasp the plans of their sectors and units.

The correct understanding of plans is a prerequisite to cautious and prudent operations and skillful command. When one does not properly understand plans, one cannot correctly calculate anything, map out relevant measures, or avoid subjectivism and formalism in guidance.

Every economic guidance functionary should thoroughly grasp the plans of his sector and unit. The functionaries of the committees and departments of the State Administration Council and the Economic Guidance Committees of provinces should thoroughly understand the content of this year's plans assigned to them and should also thoroughly understand the status of those plans linked with planned indices of plants and enterprises and with the measures of (?guaranteeing) the implementation of those planned indices. In this way, they can more substantially carry out their guidance to lower units.

The functionaries at plants and enterprises should fully understand item-by-item, index-by-index, and schedule-by-schedule the plans of their units, and production and the measures of (?supply) of the workshops and workteams.



It is necessary to thoroughly carry out all production and management activities according to plans. In the socialist economy, people's living conditions, as well as production, distribution, and consumption, is led by plans. Thus, any activities of production and management without plans are unthinkable. We should not disregard this principle. All economic guidance functionaries should ensure that all management activities -- ranging from assignment of labor force and supply of raw materials and materials to sales -- are thoroughly carried out according to plans. This is one important way to strictly abide by the technological and economic indices, thereby increasing the quality of products and normalizing the production at a high level.

The functionaries at plants and enterprises should demand that all producers carry out production in accordance with detailed plans and strictly abide by the demands of technological specifications and standard manufacturing procedures.

The economic guidance agencies and supply companies and the transport sector should establish the discipline of supplying materials and transporting raw materials, materials, and finished goods in accordance with plans and contracts.

Grasping plans is not an objective in itself, but the goal of grasping plans is to thoroughly put those plans into effect. Thus, the economic guidance functionaries should always grasp the status of execution of plans and constantly map out relevant measures, thereby smoothly accomplishing the economic tasks assigned to their sectors and units.

Plans in the people's economy are the directives of the party and the laws of the state. Thus, everyone should thoroughly execute the plans of the state and consider this a legal duty. The spirit of absoluteness and unconditionality in implementing the party's economic policy is importantly displayed in surely implementing the relevant quotas. The way to successfully implement this year's vast economic tasks is to thoroughly establish the discipline of planning in all sectors of the people's economy.

The economic guidance agencies of various levels, including the committees and departments, should always grasp the status of implementation of plans by plants and enterprises at lower units. The functionaries at plants and enterprises should fully grasp the status of the implementation of plans by workshops, workteams, and every producer and achieve constant innovations, while solving pending questions.

In particular, the responsible functionaries who grasp the general management activities and command production should have a good understanding of plans, and actively push ahead with the work of implementing those plans.

The tasks facing us today are heavy and vast, and the situation in the country is tense. All party members and working people should surely accomplish the duties assigned to them every day, deeply understanding the importance of the work of glorifying this year during which we will mark the 40th anniversary of the fatherland's liberation and the 40th anniversary of the party's founding.

Those who overfulfill the quotas assigned to them through a practical struggle, while saying little, are the genuine revolutionaries loyal to the party and the revolution and faithful to the fatherland and the people.

By grasping plans and vigorously pushing ahead with production and construction, all economic guidance functionaries should ensure that innovative successes are constantly achieved in socialist economic construction.

KIM YONG-NAM STOPS IN MOSCOW; RETURNS HOME

SK282345 Pyongyang KCNA in English 2330 GMT 28 Jan 85

[Text] Pyongyang January 29 (KCNA) -- Vice-Premier and Foreign Minister Kim Yong-nam and his entourage returned home Monday by air from their visit to Egypt and Yugoslavia.

They were met at the airport by Vice-Premier Chong Chun-ki and Vice-Minister of Foreign Affairs Kim Chung-il. Also present at the airport were Egyptian Ambassador Muhyi al-Din al-'Attar, Yugoslav Ambassador Ljupco Tavciovski and Soviet Ambassador N.M. Shubnikov.

Kim Yong-nam and his entourage left Belgrade on January 25, winding up their Yugoslav visit. They stopped over in Moscow on their way home.

LIGHT INDUSTRY DELEGATION VISITS GDR

For East Berlin reportage of the visit to the German Democratic Republic by a delegation headed by Kim Pok-sin, DPRK vice premier and chairman of the Committee for Light Industry, including talks held with Werner Krolikowski, first deputy chairman of the GDR Council of Ministers, see the GDR section of the 29 January Eastern Europe DAILY REPORT and subsequent issues.

PYONGYANG DELEGATION ATTENDS PERU CELEBRATION

SK260841 Pyongyang KCNA in English 0810 26 Jan 85

[Text] Pyongyang January 26 (KCNA) -- The Pyongyang municipal delegation headed by Pak Song-il, Chairman of the Pyongyang Municipal People's Committee, visited Peru from January 13 to 22.

On the evening of January 13 the delegation was invited to appreciate a performance of Peruvian artists celebrating the 450th anniversary of the founding of Lima city.

It met and had talks respectively with Luis Percovich Roca, prime minister and minister of foreign affairs, the first vice-president of the senate, the president of the House of Deputies and the mayor of Lima in a friendly atmosphere on January 17.

They asked the head of the delegation to convey their heartfelt greetings to the great leader President Kim Il-song and dear comrade Kim Chong-il.

On January 18 the delegation was invited to a meeting for celebrating the 450th anniversary of the founding of Lima city held in the presence of Peruvian president Fernando Belaunde Terry and a banquet arranged by him.

While staying in Peru, the delegation inspected the history museum and ancient remains in Lima city and exhibitions.

CHON WARNS AGAINST ACTS DETRIMENTAL TO ELECTIONS

SK290124 Seoul THE KOREA HERALD in English 29 Jan 85 p 1

[Text] Taegu -- President Chon Tu-hwan said yesterday that any acts detrimental to the climate for a fair election should be dealt with severely. He said that old-time illegal practices, which could not be found in the 1981 parliamentary election seem to have returned. The campaign for the upcoming election should be conducted through the confrontation of policy and political views, President Chon said, calling for the elimination of falsehoods and demagoguery that are designed to deceive constituents. He stressed that security measures should be taken for ballot boxes and that preparations need to be made for possible power shortages during the vote counting.

President Chon made these points on the election after receiving an administrative briefing from Kyongsangbuk-do Gov. Chong Chae-chin at the provincial government office. Referring to campus problems, he said the government will proceed with its plan for campus autonomy. But he said the law-enforcing authorities will deal sternly with illegal acts that are designed to prevent students from attending classes. The president called "erroneous" the notion that the campus is a sanctuary which law-enforcement authorities cannot enter even if illegal acts are committed there. The government, he said, has tried to persuade hostile elements from threatening stability, with the help of a majority of the people, and, in some cases, has resorted to law.

POLICE DETAIN STUDENTS FOR PROTESTING ELECTIONS

SK260026 Seoul THE KOREA TIMES in English 26 Jan 85 p 8

[Text] At least five college students in Seoul were taken by police between Thursday and yesterday for questioning in connection with either opposing parliamentary elections or illegal campaigning. Yongsan police Thursday took two students of Sukmyong Women's University in Hyochang-tong and were probing their possession of printed materials opposing the election.

Miss Han Hye-kyong, a sophomore history major, and another unidentified student were intercepted by police officers while carrying posters reading, "The general election should be boycotted since it only helps the present regime." A junior student of Seoul National University was undergoing questioning at Kwanak police station yesterday for his distribution of leaflets criticizing the election among the students newly admitted and their parents on Thursday.

The police also detained two Songgyungwan University students who distributed campaign materials for a candidate of the New Korea Democratic Party. Some students of Yonsei University distributed some 1,000 anti-election leaflets on campus Thursday when this year's successful entrants came to the school for physical examinations.

PAPER HAILS REVIVAL OF AUTONOMOUS STUDENT BODIES

SK260121 Seoul THE KOREA HERALD in English 26 Jan 85 p 4

[Editorial: "College Autonomy"]

[Text] At long last, autonomous student bodies will be revived at the nation's universities and colleges, perhaps beginning this coming spring semester. This will entail the virtual scrapping of the Student Defense Corps, which was activated in 1975.

The government has done well to follow a recommendation by the Korean Council for University Education (KCUE) which asked it to reinstate students' self-governing bodies. It is especially so considering that the matter has persistently been a focal issue of student demonstrations on and off campuses. Under the new system, each school will be allowed to decide on the selection method of Student Council officers -- either through direct voting or appointment by school authorities, or by mixing the two formulas. The KCUE, however, suggested that the prospective Student Councils will automatically function as defense corps in time of war or other national emergencies.

It is a good compromise in view of what the student corps has contributed to enhancing students' awareness of national security. The corps was originally established in 1949, the year preceding the outbreak of the Korean war, and was abolished in 1960. It came into being again in 1975 in its current form, with appointed student officers.

But circumstances have changed much, as explained by the KCUE, since its activation. Military training and spiritual education courses can now take over the functions of the corps. After all, the government has been well advised to take heed of ever-growing aspirations for autonomy on the campus. As such, the revival of an autonomy system is undeniably a positive step on the government's part. It surely is an approach compatible with this nation's efforts to make things more democratic. It was under the government's resolve for liberalization that it freed middle and high school students from rigid codes on hair style and clothing two years ago.

The process of democratization, needless to say, requires eliminating things undemocratic one by one. This is a natural course in replacing regulatory requirements with self-governing spontaneity. That is especially in order for schools which are supposed to foster creativity and self-discipline among the youth who need to be acquainted with the democratic process and, through it, understand its merits.

It is a pity to learn that unsavory practices of past election campaigns have recurred. One may be apt to be resigned to this situation, saying that Koreans have not experienced enough to go through democratic procedures. But, in our view, our people can no longer allow such an excuse. Now we are trying to place our country in the ranks of advanced countries. Spiritual adaptation to such an environment is a prerequisite.

All this makes it vitally important to familiarize our youngsters with democratic procedures. Schools, of course must be best used as a practicing forum. What is important is deeds, not the mere adoption of a new system.

A direct voting system, in some cases, may not prove better than the appointment system. Even so, we must risk it for overall reasons. The realities will justify doing so. Yet, we should try to get rid of any detrimental factors.

The KCUE suggested that the proposed Student Councils should not engage in political activities, nor attempt to exercise undue influence over school administration. The nation has taken so many pains to realize autonomy on campus. This precious opportunity should in no way be wasted. To this end, students are asked to refrain from doing what might be outside their proper realm.

School authorities and society as a whole, meanwhile, must be aware of the greater responsibility of creating desirable developments on campus. Under no circumstances should the campus be abused for the political interests of anyone. Now is the time for all of us to make the campus genuinely dedicated to academic pursuits. The last thing we want to see is a vicious cycle of disturbances on the campuses.



SUCCESS OF RECENT MILITARY OPERATIONS REVIEWED

BK250814 Phnom Penh Domestic Service in Cambodian 1200 GMT 24 Jan 85

["Roundup of Past Week's Salient Events" program]

[Excerpt] To celebrate the success of the Army emulation movement throughout the country and to expand their exploits in 1985, our regional forces, militiamen, and people throughout the country closely cooperated with the Vietnamese Volunteer Army and scored brilliant victories in sweeping up the Pol Pot bandits and all kinds of Khmer reactionaries along the Cambodian-Thai border.

During the past week, although the enemies had suffered great defeats, they persisted in insanely crossing the border to carry out destructive activities and plunder the people's property along the border with the support of the Thai authorities through the use of L-19 and A-37 aircraft over the three countries' border at Don Sar, Ampil, Sok San, and the sector northwest of Koh Kong, between 2 and 3 km deep inside Cambodian territory and cannon fire on Hill 336 in Koh Kong. However, our Revolutionary Armed Forces, in cooperation with the Vietnamese Volunteer Army, dealt with all these activities in a timely manner. Moreover, we launched operations to destroy the enemies' major refuges along the border. During the past week, we put out of action nearly 500 enemy soldiers, including 430 killed, 27 taken prisoner, and 21 who surrendered. We seized an assortment of 369 weapons and a large quantity of war materiel.

On 11 and 12 January in particular, a group of bandits crossed the border in an attempt to carry out destructive activities against our people's peaceful life. They were intercepted by our vigilant forces in the D Brigade. Thirteen bandits were killed on the spot. During the same week, units from the E Regiment intercepted a group of enemy soldiers 7 km north of Srange, killing 38 of them on the spot and seizing 58 weapons.

At Ampil, the E Brigade continued its operation to search for enemy refuges and uncovered 180 weapons, including 6 K-54's. On the same day, due to our correct implementation of the lenient policy toward misled persons, these people led our forces to attack an enemy position northeast of Sot Nikom, killing 18 and seizing 12 weapons, including 3 60-mm mortars and some shells.

CHARGES OF SRV REFUGEE CAMP SHELLING REFUTED

BK271131 Phnom Penh SPK in English 1116 GMT 27 Jan 85

[Text] Phnom Penh SPK January 27 -- Western media, quoting sources of the so-called front of the traitor Son Sann, have spoken about Vietnamese artillery shellings on refugee camps.

SPK is authorized to declare that this was an out-and-out fabrication which, like other slanderous charges made by the traitors, was designed to denigrate the just cause of the People's Republic of Kampuchea and discredit Vietnam. There are no Kampuchean refugee camps on Kampuchean territory. There are only hideouts of Khmer traitors abetted by the Beijing expansionists and hegemonists, the U.S. imperialists and other reactionaries, among them reactionary elements in the Thai ruling circles.

BOU THANG SPEAKS AT OPENING OF KUFNCD 4TH PLENUM

BK290722 Phnom Penh SPK in French 0454 GMT 29 Jan 85

[Text] Phnom Penh, 29 Jan (SPK) -- The KUFNCD National Council today holds its fourth plenum in Phnom Penh.

The aim of this meeting, stressed front National Council Chairman Chea Sim in his report, is to review the implementation of the resolutions of the third congress and third plenum in 1983, further encourage the movement of the masses, and to define the front's new tasks in 1985.

Speaking at the opening ceremony this morning, Vice Chairman Bou Thang noted an increase during the past year of sabotage activities of the Pol Pot-Ieng Sary-Khieu Samphan-Sihanouk-Son Sann clique, out-and-out lackey of the Beijing expansionist-hegemonists in collusion with the U.S. imperialists and other international reactionaries. However, the Cambodian people, closely united around the KPRP, the government, and the front, have thwarted all enemy maneuvers, said Bou Thang who added that the enemies have been weakened or divided. Many of them rallied to the revolution to be reunited with their families. We have all the possibilities to build the economic bases, overcome the disastrous consequences of the genocidal regime, and stabilize our life, stressed Bou Thang. Bou Thang said that thanks to international solidarity, in particular the solidarity with Vietnam, the Cambodian people have succeeded in victoriously defending revolutionary gains.

Bou Thang stressed that the enemy still has not yet abandoned its goals and this is why, in his opinion, great efforts should be made to fulfill well the tasks of defending and building the nation.

The plenum, planned to be concluded on Thursday, will listen to reports on the front's activities in every province and municipality and will adopt many documents, including one relating to the policy toward Cambodian residents abroad.

Among the presidium this Tuesday morning were, among others, chairmen and vice chairmen of the National Council; Hun Sen, member of the KPRP Central Committee Political Bureau, chairman of the Council of Ministers, and foreign minister of the PRK; and many other personalities.

Among the guests were Vietnamese Ambassador Ngo Dien, Lao Ambassador Thongpeng Souklaseng, Soviet Ambassador Oleg Bostorin, and other members of the diplomatic corps accredited to Phnom Penh.

FURTHER REPORTAGE ON SPC PLENARY SESSION

## Kaysone Phomvihan Speech

BK271100 Vientiane Domestic Service in Lao 0000 GMT 25 Jan 85

[Speech by Kaysone Phomvihan, general secretary of LPRP Central Committee and chairman of LPDR Council of Ministers, at opening ceremony of 1985 plenary session of SPC in Vientiane on 24 January -- recorded]

[Text] Respected President Souphanouvong, respected vice chairmen of the SPC, respected vice chairman of the Council of Ministers, respected members of the SPC:

Today I am highly honored to report, on behalf of the Council of Ministers, to the SPC on the situation in 1984 and the overall direction and tasks for 1985. On the occasion of the new year, on behalf of the party Central Committee and the Council of Ministers, I herewith extend best wishes to you and, through you, my greetings and cordial regards to the compatriots of all tribes, cadres, combatants, and state employees throughout the country. [applause]

The struggle between us and the enemy, the struggle to resolve the problem of who is winning over whom between the two lines in our country -- socialism and capitalism -- developed to a new phase in a fiercer and more uncompromising manner in the past year. In other spheres, 1984 was the year in which the climate was unfavorable and floods repeatedly hit various central and southern provinces. Nevertheless, the people of all tribes, under the leadership of the party and state, have brought into full play the tradition of solidarity and revolutionary heroism and have surmounted various difficulties and trials, thus scoring many additional major achievements in the task of defending the country and building socialism.

In 1984, the Beijing reactionaries stepped up their collusion with the U.S. imperialists and other reactionary forces to feed, train, and arm exiled Lao reactionaries and use Thai territory as a staging point for subversive and sabotage activities against our country. They have tried to wage psychological warfare, resorted to various slanders to distort the line and policies of our party and state, sow discord among various tribes and religions, internally divide the various revolutionary forces, and divide our country from the fraternal and friendly countries in the world.

They have taken advantage of our temporary economic difficulties and vacuum to carry out hoarding activities to interfere in and control markets, causing difficulties to the daily life of our cadres, combatants, state employees, workers, and people, inciting them to lose self-confidence with a view to luring a number of insecure people to follow their cause.

What is particularly serious is that the ultrarightist reactionaries in the Thai ruling circles, instigated by the Beijing reactionaries, have sent regular troops to attack and seize our three Lao villages in Paklai District, Sayaboury Province, thus openly and brazenly violating our country's independence, sovereignty, and territorial integrity. This is in addition to supporting and encouraging the reactionaries to carry out sabotage activities and cause confusion in our country. Such aggressive acts damage the time-honored fraternal and neighborly friendship between the Lao and Thai peoples and have rendered the situation in Southeast Asia more tense.

With a sense of vigilance and a determination to defend the country and the task of building the new regime, our Army and people, under the leadership of the party and state, have come to understand the new scheme of the enemies and have managed to smash their sabotage, subversive, and destructive designs, thus ensuring political tranquility and social order, safeguarding the efforts of our people in building the economy and developing culture. An important development is that we have closely coordinated the struggle in many fields -- political, military, and diplomatic, with the struggle in the area; and with the support and assistance of the people throughout the country have inflicted further setbacks to the aggressive designs of the Thai ultrarightist reactionaries, compelling them to withdraw from the three villages.

Our just struggle and good intention have drawn sympathy and support from public opinion all over the world, including the Thai people and political circles, thereby driving the Thai ultrarightist reactionaries into absolute isolation. In parallel with this development, our Armed Forces and public security forces are growing stronger quantitatively and qualitatively. Their combat strength has also been consolidated. The people of all tribes have joined in national defense and public security work in an even more enthusiastic and extensive manner. Thousands of youths are actively fulfilling their obligations to defend the country. Large numbers of people of all tribes have closely cooperated with the Armed Forces in carrying out combat activities to defend the country.

The glorious success of our struggle in the past year indicates that our people are always patriotic and confident in the leadership of our party and state. If we clearly understand the schemes and tricks of the enemies, remain united and determined, know how to enhance our strength and to extensively mobilize the mass movement, build and consolidate our forces in all respects, and closely coordinate our struggle in many fields and the extensive sympathy and support from both home and abroad, it is certain that we will be able to thwart all designs of the enemies no matter how obstinate and cunning they may be. [applause]

On this occasion, I propose to the SPC to commend and hail the Armed Forces, the public security forces, and the people of all tribes, particularly the cadres, combatants, and people in Sayaboury Province for heightening their sense of patriotism and love of socialism, uniting closely with one another, gallantly, intelligently, and skillfully fighting the enemies, and scoring outstanding achievements in their struggle against the enemy's multifaceted war of destruction and the aggressive acts of the ultrarightist reactionaries in the Thai ruling circles, thereby securely safeguarding the sacred sovereignty and territorial integrity of our country. [applause]

Let us wholeheartedly hail our compatriots in Ban Mai, Ban Kang, and Ban Savang for holding aloft a sense of patriotism and undauntedness, uniting with and assisting one another to fight resolutely against the oppression, domination, restriction, and barbarous suppression of the ultrarightist reactionaries in the Thai ruling circles, and escaping to return to their beloved native land. [applause]

Beloved Excellencies, in the past year our people overcame numerous difficulties caused by natural calamities and the enemies, and scored many more brilliant achievements on the battlefield of building and transforming the economy and developing culture. The most outstanding feature was that our farmers throughout the country strived to heighten the spirit of mastership by concentrating and promoting agricultural production, including foodstuffs. In the past production season, all the provinces throughout the country were determined to fulfill the rice production target of 2.5 metric tons or more per hectare of ricefield and 1.2 metric tons per hectare of slash-and-burn rice growing area. The land area for growing main rice and dry season rice crops increased in many provinces compared with 1983.



The movement to carry out intensive agriculture, such as the selection of rice strains, the building of ricefield dikes to retain water, the timely transplanting of rice seedlings, the weeding of ricefields, and the fertilizing of rice crops, developed a new step in many provinces. Champassak Province was the leading area in carrying out intensive agriculture. Although considerable damage was inflicted on rice plants by floods and plant pests in Champassak, Khammouane, Savannakhet, and Saravane Provinces, the volume of rice production in these areas increased compared with 1983.

The total rice production in 1984 was 1.3 million metric tons -- an increase of 200,000 metric tons compared with 1983.

The planted area of certain industrial trees was expanded. The coffee area increased by 11 percent, resulting in a 33 percent increase in the coffee bean harvest. The harvest of false cardamon was also good. Several provinces managed to increase the purchase of this crop two or three fold. The growing of garlic for export became an extensive movement in Luang Namtha, Oudomsai, Bokeo, and Luang Prabang provinces. Livestock raising made considerable strides, and epidemic markedly decreased. The population of buffalo, cows, and pigs also increased when compared to 1983.

The movement to carry out collective livelihood was also broadened. Over 400 more agricultural cooperatives were established. As a result, over 40 percent of farmers have joined agricultural cooperatives which cultivate crops on an estimated 43 percent of the total ricefields throughout the country. Moreover, tens of thousands of unity boosting units and labor-exchange units were also set up. Champassak, which is one of the six rice-growing provinces, scored a fundamental success in transforming ricefields into agricultural cooperatives. An estimated 82 percent of farming families with 77 percent of the total ricefields in the province took to agricultural cooperative farming. Agricultural cooperatives in many localities maintained their leading role in irrigation work, intensive agriculture, and fulfilling obligations to the state. A number of localities scored satisfactory achievements in carrying out experimental farming on a designated area for a projected volume of production with a certain number of work days and a certain amount of production expenditure on the basis of simple targets for self-sufficiency by one family or each family on an agricultural cooperative.

We have reorganized a number of business enterprises and timber exploitation companies in accordance with the classification direction. We have combined economic construction with national defense work. We have also implemented relations with Vietnamese sister provinces. A number of timber exploitation and processing bases in the center and in Champassak Province have achieved initial success in carrying out the management transformation experiments. We have also achieved initial success in conducting surveys of forests throughout the country with Soviet assistance.

In 1984, various industrial bases have carried out their production work normally. We have achieved success in setting up a number of enterprises while providing more equipment for certain enterprises, such as the enterprises for casting concrete beams and the quarrying enterprises. We have successfully installed the fifth generator of the Nam Ngum hydroelectrical works, repaired and broadened the Kaoleo water supply plant, and so forth. Noteworthy is that through experiments in transforming the management of a number of enterprises both in the center and in localities, the volume of products, the working capabilities, and the economic productivity of those enterprises have been increased. A number of branches have fulfilled and overfulfilled their annual production targets. These include the electric, gypsum, oxygen, detergent, earthenware, tobacco, and other production branches. The communications, transport, and postal branch has achieved notable progress in production and working procedures as well as in drawing cooperation and assistance from various fraternal socialist countries.

In the past year, we have built, repaired, or perfected thousands of kilometers of roads and built dozens of bridges of various sizes. We have also inspected and measured the roads linking provinces and districts. As of now, driveable roads have been built to link almost all district towns. The surveys for the laying of a permanent oil pipeline from Vietnam to our country have been completed. We have built dozens of additional vessels including 100-ton cargo boats. Goods and passengers transported by land, water, and air have considerably increased compared with previous years. The postal and telegram network has been expanded to the district level while the internal and international communications system has been much improved. Circulation and distribution have been expanded to the grassroots. The postal branch has begun to implement a unified management system.

The trade branch has achieved much progress in setting up and broadening the state trade network, marketing cooperatives, and collective marketing units. It has sought out sources of goods, expanded economic obligations with various state production bases, and fulfilled bilateral obligations with farmers. Prices have also been made even more reasonable. More satisfactory success has also been achieved in purchasing and collecting strategic goods. The goods distribution system has been initially transformed. The state-financing system has gradually been discarded while the implementation of the system of distributing goods in accordance with obligations and the fixing of trading responsibilities for each level have been further carried out.

Foreign trade has been initially developed. The volume of exports to various socialist countries has increased while the import structure has been transformed. This includes the transformation in 70 percent of total volume of materials and equipment. The export and import trade of various provinces, in particular Champassak, Attopeu, and Savannakhet, with Vietnamese sister provinces has notably increased. The financial branch has achieved progress in implementing the classification system, increasing incomes, and reducing expenses. We have registered private businesses and made the level of taxes even more reasonable. As a result, the amounts of agricultural, industrial, and trading taxes have increased compared with previous years. As of today, two provinces and Vientiane municipality are not only self-sufficient in budgets, but have actually made a significant contribution to the central budget. Branches of state banks have exerted more efforts to encourage savings deposits. The amount of loans, particularly for the purpose of developing household economy, has considerably increased.

The propaganda, news agency, and newspaper work and the activities in the cultural, art, and literary field, together with the enthusiastic activities of various mass organizations, such as the Youth Unions three-solidarity and four-offensive movements and the Women's Unions three-good and two-duty movements, have positively contributed to the educational and training work to publicize the line and policies of the party and state, encouraging the spirit of collective mastery, and enhancing the spirit of cherishing the country and socialism among the people of various tribes and various armed forces in opposition to the enemy psychological warfare propaganda. They have also contributed to the implementation of the two strategic tasks, namely the defense of the country and the building of socialism, and to strengthening international solidarity.

We have fulfilled the nationwide elimination of illiteracy 1 year ahead of schedule and are currently holding cultural classes at various levels. The number of child-care centers, and kindergartens has increased, while primary, vocational, and university-level education continues to expand. During the past school year more than 6,000 students graduated from secondary, vocational, and higher schools -- a number equal to all those graduated in the past several years. The number of students, researchers, and trainees sent to various fraternal countries has increased 45 times as compared with the years prior to the liberation. These figures bespeak pride in our new education.

The public health branch has made new steps in shifting cadres to the grassroots to serve the people and in resolving various medical problems. One of the year's outstanding achievements is that malaria has been basically eliminated among children in Champassak Province. This disease posed a great threat to our country's social life for many generations. This is a precious experience. We have made great efforts to carry out the the party-state policy toward the wounded, disabled, and retired cadres, and toward those performing meritorious deeds for the revolution. The Army has achieved progress in carrying out its rear line policy.

In the past year, the task of consolidating the organization, building the administration, and guiding and managing the economy has undergone initial changes. We have divided some provinces and reorganized administrative apparatuses in many provinces in conformity with the requirements of the new task. We have started studying a constitution and have held training courses for administrative and justice cadres. We have made preparations in various respects to conduct the first national population census early this year.

Implementing the sixth resolution of the party Central Committee, the Council of Ministers has enforced the resolution on the modification and building of economic management mechanisms and has organized the publication of the resolution among key cadres of various ministries, branches of work, and localities and among major production enterprises. We have studied in detail various regulations, procedures, and policies regarding economic management and have started implementing them in some localities and basic establishments on an experimental basis.

These successes and achievements are of great importance. They have been recorded under conditions in which the struggle between us and the enemy is developing in a fierce, uncompromising, and complex manner, despite severe natural disasters in many provinces throughout the country. This affirms the great capability of the people of various tribes to carry out party resolutions and state plans. This has created favorable conditions for us in implementing the plan in 1985 -- the last year of the First 5-year State Plan -- and has created many new factors enabling us to draw precious lessons in carrying out the two strategic tasks. This also testifies to the fact that our system is invincible and powerful and has a firm basis. These successes prove that our party line is correct and extremely creative and that our people of all tribes are filled with patriotism and solidarity and are determined to defend the country and build the new system. Meanwhile, these successes are also the fruits of the great and effective assistance given by various fraternal and friendly countries of the world.

On this occasion, I propose that the SPC commend and praise the compatriots throughout the country who are enthusiastically and diligently advancing under the slogan: "Everything for the cause of defending the country and building socialism, for a happy and plentiful life of the people of all tribes, as stipulated at the third party congress: who are tirelessly carrying out the two strategic tasks; and who have recorded glorious successes in recent years!" [applause]

I propose that the SPC commend and praise our country's working class for heightening its leadership characteristic, striving to master industrial, agricultural, and forestry enterprises in the spheres of building, production, and business, and for actively contributing to the task of restoring and developing the economy and of building the material and technical bases for the first phase of socialism in our country.

I propose that the SPC commend and praise the peasants, particularly those joining collective farms, who are positively responding to the appeal of the party and state by following the path of socialist collectivization, enthusiastically participating in the irrigation construction movement, engaging in intensive farming, building a new countryside, striving to surmount all difficulties, and scoring outstanding achievements on the agricultural production front. [applause]

I propose that the SPC commend and praise the teachers, doctors, artists, writers, journalists, and intellectuals, who are fighters currently resolutely surmounting various difficulties in their daily life and making use of their knowledge, capability, and intelligence to serve the cause of defending and building the country and of building a new, socialist people. [applause]

I propose that the SPC commend and praise the cadres and state employees in all branches of work and at all levels and in various mass organizations for upholding their sense of responsibility, striving to study and modify work style and regulations, upholding the spirit of serving the people, and for going to the grass roots to train and temper themselves and carry out all tasks entrusted by the party and state. [applause]

I propose that the SPC commend and praise the personalities of all tribes for heightening the spirit of patriotism and for persuading the people of various tribes to unite as one around the Lao Front for National Construction to fight and oppose the enemy's divisive schemes. [applause]

I propose that the SPC commend and praise the compatriots living abroad for heightening the profound spirit of patriotism and for always turning their faces to their beloved fatherland to contribute to our people's just cause. [applause]

We would like to hail and thank the foreign aliens in our country for strictly implementing our party-state line and policies, maintaining fine relations with our people, and for contributing to our cause of defending and building the country. [applause]

On this auspicious occasion, on behalf of the Lao party, government, and people, I once again express deep gratitude and sincere thanks to the parties, governments, and peoples of Vietnam, Cambodia, the Soviet Union, and other fraternal socialist countries and to the governments and peoples of friendly countries, various international organizations, and progressive and peace-loving people throughout the world for sympathizing with, vigorously supporting, and giving great assistance to the Lao people's cause of struggle to defend the country and build socialism. [applause]

Beloved people, the achievements and successes recorded by our Army and people of various tribes in 1984 and earlier years are truly great. Nevertheless, we must be aware that taking into consideration the requirements of our duty and the struggle in the new period, we continue to have some weaknesses and major problems that must be corrected. First of all, the perception of the enemy's cunning and cruel schemes and tricks by our cadres, state employees, and people is not yet profound. We still treat them slightly. We lack vigilance on some occasions and at some places, thus providing an opportunity for the enemy to infiltrate to sabotage us.



The coordination between the two strategic tasks by all levels and all branches of work and the coordination between the economy and national defense and between national defense and the economy are not yet close. Greater efforts must be made to resolve many problems on the building of a people's war position to defend the country.

On the economic front, production has not yet been normalized. Agriculture has developed to some extent, but this development is not yet firm and all-round. Industry is not yet stable. Some industrial sectors have declined. Production potentials have not been used to their full effectiveness and efficiency. There remain many difficulties in the communication and transport spheres. Foreign assistance has not been effectively managed and used. The funds used for building basic establishments are quite large, but the utilization of these funds is not centralized. The construction of various enterprises has not been fully completed. Circulation and distribution are beset with weaknesses with regard to money and goods and in mastering the markets. For this reason, they have not yet positively contributed to serving and boosting production and to improving and living conditions of cadres, combatants, state employees, workers, and the people of various tribes.

The transformation in this regard is still being ignored. It has not yet been effectively combined with the construction work. The economic relations and cooperation with various fraternal countries have not yet been vigorously fostered either. The educational, cultural, information, and public health work has not yet met the urgent major requirements in leading the cultural and ideological revolution to march forward and engage in an effective struggle against enemy psychological warfare propaganda. It is still necessary to pay attention to and further raise the qualifications, spirit of responsibility, and eagerness to work of the contingent of cadres who work in this field.

These weak points and remaining problems are partly caused by objective factors, namely the backward economic foundations and the general sabotage in many fields by the enemies. But, it is important to remember that they also result from the following subjective causes: The party's line and policies as adopted by its third congress, and the line and policies details of which are stipulated in various resolutions of the Central Committee and the Political Bureau of the party, have not yet been profoundly studied and grasped; various branches and levels have failed to firmly grasp the top-priority strategic means, namely, vigorously turning to the grassroots to combine the building of political foundations and the consolidation of national defense and public security work with the development of the economy and culture to improve living conditions in order to put the line, plans, and policies of the party and state into actual practice in the revolutionary movements of the masses. This is why the potentialities of localities and grassroots have failed to be promoted and expanded and why the guidance on marching forward from localities and grassroots has not yet been effectively implemented.

The economic management and control work is still ineffective. Key points of this issue have not yet been fully understood. For example, in the battlefront of circulation and distribution and economic relations with foreign countries, the battlefront where the struggle between us and the enemies and the struggle to determine who will win over whom between the two systems have been fiercely contested, it is still necessary for us to make further endeavors to realize the new management mechanism and to continue to fight to do away with the conditions of practicing a bureaucratic system and ignoring work in order to promote and expand the rights to mastery and the initiatives of localities and grassroots.

These various weak points have limited our achievements in 1984. It is, therefore, essential that all our cadres strictly criticize or commend themselves and one another. Simultaneously, drastic measures must be used to overcome and settle the weak points.

Dear people, 1985 is the final year of the implementation of the First 5-Year State Plan. It is the year to commemorate the two great historical days of the nation, namely the 30th founding anniversary of our party -- which coincides with the 55th founding anniversary of the Indochinese Communist Party -- and the 10th anniversary of the establishment of the LPDR. It is the year during which we will have to carry out many tasks in preparation for the convening of the fourth party congress and the adoption of the Second 5-Year State Plan -- from 1986 to 1990. Besides, 1985 is the year in which our Lao people, together with the people of various countries in the socialist community as well as all people who cherish peace and progress throughout the world, will commemorate the great historical day of international significance, namely the 40th anniversary of the victory over fascism.

In 1985, the potential for a tense and complex situation in this part of the world still remains. This is because of the adventurous and bellicose policies of the imperialists, with the U.S. imperialists as chieftains, and of the international reactionaries. In Asia, the collusion between the Beijing big-nation expansionist-hegemonists and the U.S. imperialists and other reactionary powers has been strengthened daily. Their basic purpose is to oppose the Soviet Union and the three Indochinese countries. They will continue to use Thai soil as their springboard and to use the ultrarightist reactionaries in the Thai ruling circles as their active tool to oppose and sabotage our country even more openly in accordance with their schemes to make a change through a peaceful means to swallow and overthrow us.

It is obvious that many more possibilities for a complicated, fierce, and furious change in the struggle between us and the enemies and the struggle between the two paths in our vanguard country still remain. As for us, we still have heavy tasks as stipulated in the First 5-Year State Plan. Our entire party, Army, and people are still facing many problems arising from the requirement to boost production, improve living conditions, make preparations for marching forward to the Second 5-Year State Plan, and stand ready for any eventualities. It is, therefore, required that we make efforts and endeavors at a high level.

Nevertheless, we still maintain basic advantages. In the world, the three revolutionary currents have been developed and strengthened with each passing day, and progressive mankind maintains sufficient strength to check a nuclear war. In this region, the aspirations for peace and stability have increased daily. The position and strength of the three Indochinese countries are being consolidated and expanded in many fields while the solidarity and alliance among the three fraternal countries have been firmly enhanced as never before.

In the country, the correct and creative line of our party and state has been further detailed. For example, in economic management, our entire party, Army, and people have been further educated and trained. Many localities have begun to seek out and grasp their potentials and position of strength in the economic field. The international assistance and cooperation, in particular the assistance and cooperation in many fields from Vietnam, Cambodia, the Soviet Union, and other fraternal socialist countries, serve as our great sources to help increase our potential. Only by maintaining a correct attitude, firmly grasping the two strategic tasks, vigorously turning to the grassroots, making use of the new economic management mechanism, and promoting and expanding the aforesaid favorable conditions can we achieve success in settling various immediate difficulties and creating stability for the economic and social foundations of our country.

Based on the spirit of seventh resolution of the Central Committee, the overall tasks of the entire country for 1985 are as follows.

Promote and expand the achievements and victories already scored; encourage the people's spirit of collective mastery; heighten vigilance; build and consolidate concrete forces in all respects, ranging from the local and grassroots level; be prepared to smash all sabotage and subversive schemes and acts of the enemies; guarantee the defense of the country and the maintenance of public security; step up the political and ideological work; perfect the organizational work of certain significant branches in localities and grassroots; increase efficiency in managing the state, economy, and society; utmostly strive to make use of, promote, and expand the existing potentialities along with accepting, managing, and making full use of international economic assistance and cooperation; concentrate on vigorously stepping up agricultural and forestry production; effectively develop communications and transportation and effectively organize the fulfillment of circulation and distribution work; appropriately transform and build the management mechanism step by step to guarantee an improvement and normalization of the living conditions of the people of various tribes, first and foremost, the living conditions of the cadres, combatants, state employees, and workers; and create an atmosphere of joy and confidence in order to march forward to an effective implementation of the Second 5-Year State Plan and to successfully prepare for the convening of the fourth party congress.

To successfully fulfill these common tasks, in 1985 we must concentrate our efforts on four basic goals as follows:

1. Continue to heighten vigilance; turn to localities and grassroots; build and consolidate concrete forces in all respects; consolidate the field position of people's war; defend the country; maintain public security and social order in particular in significant strategic areas; strengthen solidarity; strive to carry out the internal defense task; and check the enemy schemes of infiltration, sabotage, and subversion against our various revolutionary forces.
2. Step up the political and ideological work; consolidate and perfect the organizational apparatuses at various levels; pay attention to various significant economic and cultural foundations at the provincial level and a number of staff organizations in the center; attach special importance to the training and building of the contingent of key cadres; and set up the implementation of regulations and discipline along with the transformation of working regulations and procedures.
3. Concentrate on guiding and stepping up agricultural and forestry production; effectively carry out circulation and distribution work; endeavor to successfully fulfill the various economic and social goals as stipulated in the 5-year state plan; consolidate the new economic management mechanism in conformity with the specific points in the economic and social field of the country; effectively manage and make full use of the existing sources of goods, materials or equipment, foodstuffs, capitals, labor, and production capabilities; firmly grasp and effectively make use of the assistance and cooperation of foreign countries; and on this basis, settle the daily life and improve a further step the living conditions of the people, in particular the daily life and living conditions of the cadres, combatants, state employees, workers, and people of various tribes in the areas now facing difficulties.
4. Speed up a comprehensive review of major tasks over the past 10 years along with translating into reality the task of examining and studying a number of foundations, such as, the population census, the adoption of plan to build the contingent of cadres, the establishment of the constitution and law, the adoption of the Second 5-Year State Plan, and effective preparations for the convening of the fourth party congress.

To carry out the above tasks and objectives, I wish to propose some major initiatives for organizing the implementation of the 1985 plan.



Regarding the task of defending the country and maintaining public security and order in the country, the struggle against the enemy will continue to be fierce and extremely complex in the immediate future. The enemy has been driven to a position of defeat and has been repeatedly defeated. But he remains stubborn. He is seeking every possible device to attack and sabotage our revolution and is willing to resort to any inhumane and despicable tricks and schemes. He is trying to destroy us in all respects -- he is attentively resorting to political tricks to destroy us, waging psychological warfare and a spy war, and trying to sabotage our economic policies. What is worthy of attention is that he has infiltrated to destroy us internally like a house being eaten by white ants. At the same time, the enemy has stepped up nibbling attacks along the border to support the sabotage activities being carried out by the reactionaries inside the country.

Therefore, the struggle to defend the country and build socialism, the struggle between us and the enemy, and the struggle to determine who is winning over whom between the two lines -- socialism and capitalism -- are closely interrelated and are developing in all respects and in all domains. This fact demands that our entire Army and people always heighten our vigilance and mobilize all forces throughout the country to smash the enemy's schemes.

We must ceaselessly step up the dictatorship of the proletariat, persist in promoting the people's right to mastery, vigorously shift to the grass roots, build the revolutionary forces in all respects, and fulfill the three main objectives -- that political bases be solid, the enemy and living conditions be improved with each passing day, and public security and order be ensured. We must pay attention to building the Armed Forces and public security forces in all respects and create conditions for cadres and combatants to be enthusiastic and highly determined in order to fulfill their tasks. Meanwhile, we must closely coordinate the economy with national defense and vice versa in order to build national defense and public security potentials in all respects, maintain the close militant alliance with Vietnam and Cambodia to safeguard the cause of economic construction, cultural development, construction labor, and the people's happy life, and take the initiative in countering any adverse incidents.

Regarding agricultural and forestry production and the change toward collectivization, agriculture and forestry have a very important position and role in our national economic bases which will serve as the basis for the change toward socialist industrialization in our country. To effectively fulfill the targets for agricultural and forestry production and the change toward collectivization in 1985, all branches of work and all levels must pay attention to applying the lessons drawn from guiding agricultural production and agricultural collectivization in the past years. The important factors are as follows:

1. The leadership and the administration at various levels must know how to mobilize all its strength and potentials to fulfill the targets.
2. We must know how to rely on the form of the peasants' collective earning, from low to high. For example, we must know how to bring into full play the excellent characteristic of an agricultural cooperative. This is to mobilize and persuade the peasants to implement the party-state plans and policies regarding agricultural production and collectivization.
3. We must know how to mobilize and persuade the peasants to extensively apply various simple technologies in coordination with the lessons learned in the past in carrying out intensive farming in order to increase production efficiency and output.



4. We must know how to employ various simple management forms, link responsibility with production yield, and carry out the contracting system -- mainly to award a contract to each producer or worker.

Forestry is one of our country's potentials. Therefore, we must pay special attention to this task, correctly apply the method of coordinating agriculture with forestry, hand over the land and forests to localities or basic establishments and assign them responsibility for managing and exploiting forests, and formulate plans to promote the preservation and exploitation of expensive forest products. This is to exercise the right to mastery of localities, basic establishments, and the people with regard to the country's precious natural resources.

The provincial and district Administrative Committee must discuss in detail the organization of the implementation of the central plans and policies on the task. They must invest in and appropriately allocate rice fields for agricultural and forestry production.

To implement the direction of coordinating the economy with national defense, the government recently assigned the National Defense Ministry to cooperate with friendly forces to exploit forests in some areas. The Leading Committee and the local Administrative Committee are responsible for consulting with and assisting the forces. At the same time, the various Army forest exploitation and preservation companies must respect and correctly implement state regulations and procedures. The various Army units carrying out the task of economic construction must contribute to build political bases, maintain public security, and develop the economy and culture in localities and at the grass roots.

Regarding the task of circulation and distribution, they are like the blood in our veins. Any obstruction to circulation and distribution will affect the country's economic and social activities. In our country, the task of circulation and distribution is very important since it represents a main front for the struggle to determine who is winning over whom between the two lines -- socialism and capitalism -- and for the struggle against the enemy's multifaceted war of destruction. It is a factor deciding the change from a small farmers' natural economy of self-sufficiency and self-support to socialist production. Therefore, we must pay attention to bring actual changes to the distribution and circulation front. We must invest in and increase the number of capable and qualified cadres for the trade branch and the communications and transportation branch and really turn commerce into the main link and communications and transportation into the spearhead for the national economic base.

The commercial branch must dash forward to carry out the task of controlling goods and food supplies. It must firmly grasp and manage imports and exports; correctly implement the price policy, struggle to manage markets; implement the policy of using and transforming private traders so that they will contribute to serving the people and implementing state plans; and resolutely oppose opportunist hoarding, all tricks of increasing prices, and the sale of fake and poisonous goods. We must uphold the spirit of self-reliance and the spirit of building strength by ourselves, be determined to build an independent and socialist economic base, and persist in linking our country's economic base with those of fraternal socialist countries. Whenever we are able to build firm economic ties between our country and other socialist countries, we will be able to win further assistance and effectively oppose the sabotage tricks and schemes of the various forces hostile to our economic base.

Regarding the question of new economic management mechanisms, the sixth resolution of the party Central Committee and the 61st resolution of the Council of Ministers have provided all-round and complete stipulations on the economic management mechanisms. All levels and all branches of work must try to organize the implementation of these stipulations. In organizing their implementation, the following main points must be grasped:

1. We must promote and develop the aggregate strength of all levels, all branches of work, and all forces in carrying out new economic management mechanisms and turning them into practice and in conformity with the economic and social situation in our country. We must modify the base of natural economy and change it into the base of socialist production and link our country's economy with that of the socialist system.
2. We must know how to bring into full play the right to mastery of the working people of various tribes and the right to initiative and creativeness of localities and grass roots. Responsibility must be related to interests. The three interests must be smoothly coordinated. Management in various branches must be coordinated with management in areas, while economic management and administration must be effectively coordinated with businesses, aimed at enabling production and businesses to ceaselessly and effectively develop.

Regarding management, attention must be paid to consolidating both the countryside and urban areas. Special importance must be attached to the consolidation of municipal areas since they are the centers of the economy, culture, and politics and since they are the places where industrial enterprises are located. The transformation and construction of towns will be greatly beneficial to the transformation and construction of rural areas and will serve to develop rural areas. The coordination between urban and rural areas is one between industry and agriculture and between workers and farmers. Without the support and active services provided by industry, trade, communications, and transportation, agriculture and forestry cannot develop. On the contrary, if agriculture and forestry fail to develop, industry and urban areas will not develop and will have to be dependent on foreign countries if they want to survive.
3. An endeavor must be made to consolidate various key economic units which include the industrial, agricultural, and forestry enterprises, various centers and stations, construction companies, trade companies, transportation companies, warehouses, wharves, and cooperatives. These fundamental units serve as the bases or places from where favorable conditions can be created to guarantee smooth and effective activities for the new economic management apparatuses. Forms of management must be adopted for each type of economic enterprise and business. In this regard, attention must be paid to clearly laying down rules and regulations on the contents, direction, program of action, methods of action, rights, responsibility, and concrete relationship needed in order to score successes and to push forward the overall movement.
4. An endeavor must be made to set up organizations and build cadres in our various production and business bases. Regarding this, attention must be paid to transforming work regulations and procedures; increasing work efficiency; raising the qualifications and capabilities of the contingent of cadres, first and foremost, the implementation of regulations and discipline and capability in directing and controlling production and businesses; correcting the way of life of the bureaucratic administration based on the state-financing system which fails to calculate economic profits, waste, or efficiency; and resolutely opposing wasteful and cupidity practices. Attention must be paid to giving promotions to younger people who have passed trials and who still have a future. Simultaneously, those who have passed the training and tempering periods, who have scored skills and experiences, and who have scored good lessons must be used as key people in carrying out various activities.
5. It is necessary to continue to study and formulate various systems, policies, and regulations in detail so that they can be correctly carried out by the apparatuses in accordance with various branches and activities in various fields of our national economic establishments.
6. It is necessary to step up supervision work to seek new factors in order to score lessons to be used in directing the overall movements and to persuade and motivate others to follow.

At the same time, attention must be paid to timely correcting mistakes or settling various shortcomings in the implementation of the management mechanism.

In the economic management work, we must remember Karl Marx's instruction that for a country to prosper, it is necessary to firmly grasp two potentials, namely labor power and natural resources. This prosperity does not mean having a large amount of money. The main point is that the two potentialities must be effectively combined with each other. Production tools must be produced first so that consumption goods can later be produced. Money and other household items can then be obtained. The potentialities in labor and resources are located in the localities and grassroots. The Central Committee and the government have already put forth the line and policy on this issue. The localities and grassroots must, therefore, rely on this line and policy in order to endeavor to calculate by themselves the balance of their requirements while contributing to the state budget. They must correct the attitude of relying on others or pinning hope on the center and foreign countries, and the attitude of lacking the spirit of mastership. This is because the basic contents of the new management mechanism are aimed at enabling the localities and grassroots to truly take the initiative in carrying out production and business in order to build new economic establishments in our country.

Dear Comrades, in the past year the world situation has been very tense. The struggle of the world's people for peace, national independence, democracy, and social progress has changed in a very fierce, furious, and complicated manner. However, it has developed along the trend which is daily beneficial to various revolutionary forces and forces for peace. Since his assumption of office, Reagan has pursued various highly reactionary measures both at home and abroad. He has strived to turn U.S. economic establishments toward serving military purposes. He has increased the budget for national defense, stepped up the nuclear arms race on land, sea, and in space, continued to install U.S. medium-range nuclear missiles in Western Europe, encouraged the NATO allies to engage in an arms race, set up the Southeast Asian alliance group, and intensified the use of the China card to check the revolutionary movements and to threaten peace and security of various nations in the world in a serious manner.

But, despite that absurd effort, the Reagan administration has met with failure in fulfilling the strategic goal that he has adopted. It is true that some U.S. economic establishments have been restored. But there has been no stability. Faced with great difficulties, the United States has failed to gain military superiority over the Soviet Union. The imperialist system has continued to be bogged down in crisis. Deep contradictions in the ranks of the imperialists also remain. The adventurous and bellicose policy -- one that resorts to violent measures and which creates confrontation by the United States and international reactionaries has been checked and defeated once again. The three revolutionary currents and the broad movements for peace in the world have continued to promote and expand their offensive position, have developed, and have been strengthened and have scored great and firm victories.

The Soviet Union and various socialist countries have also achieved very satisfactory successes in the spheres of economic development and national defense consolidation. The various socialist countries have successfully fulfilled their state plans for 1984 with the achievement of high labor productivity and economic efficiency. The volume of both industrial and agricultural production has increased, while the material and spiritual life of the people has increasingly improved.

The Soviet Union and various socialist countries have also resolutely resorted to various measures aimed at increasing their defense potential in preparation for thwarting the adventurous, bellicose actions of the imperialists.

Simultaneously, the Soviet Union and various socialist countries have on many occasions put forth peace initiatives and proposals with a view to ending the arms race, reducing armed forces, preventing nuclear war, and safeguarding world peace.

This well-intentioned attitude and this spirit full of lofty responsibility have received vigorous support and strong sympathy from progressive people throughout the world. We support completely the various statements of Comrade Konstantin Ustinovich Chernenko, general secretary of the CPSU Central Committee and president of the Presidium of the USSR Supreme Soviet, and consider these statements a positive contribution by the Soviet Union to safeguarding the peace and security of various nations.

Of late, the Lao people, like others throughout the world, have followed closely the meeting between the Soviet foreign minister and the U.S. secretary of state. We highly appreciate the new Soviet efforts in pushing forward the evolutionary process of easing international tension. We wholeheartedly welcome the glorious success of the CEMA summit conference, which was held in Moscow in June 1984 -- the conference aimed at strengthening combat solidarity and economic relations in accordance with long-term goals in the interests of opposing the imperialists to safeguard the peace and security of various nations.

Along with the increasing growth and strength of the socialist community, the struggle of the peoples of various countries in Asia, Africa, and Latin America for national independence, democracy, social progress, and peace has vigorously and repeatedly developed with each passing day. Worthy of note in 1984 is the indomitable struggle of the people in Central America, the Caribbean, and the Far East against the policy of intervention and aggression of the U.S. imperialists and their shock henchmen. The struggle of the working class and of the people of various capitalist countries for peace, well-being, and democracy has also taken a giant stride along the path of in-depth development, thus exerting strong pressure on various organizations of monopoly capitalists and various imperialist, bellicose forces.

It is obvious that the strength of the three revolutionary currents and of the broad movements for peace in the world has defeated, in another significant step, the imperialists' and international reactionaries' policy of carrying out the arms race, creating the danger of nuclear war, resorting to violence, and creating confrontation. This has produced a concrete potential for an endeavor to lessen the tense situation, prevent the danger of nuclear war, and safeguard world peace. In 1984, there was a new, profound change in the situation in Southeast Asia. Despite many difficulties and trials, the three Indochinese countries have continuously consolidated and developed, have achieved new successes in the cause of national defense and construction, and have continued to march forward with firm steps.

The PRK has been more firmly built and consolidated in many fields with each passing day. The various PRK armed forces have been incessantly developed and strengthened. The PRK Army and people, supported and assisted by the Vietnamese volunteer troops, have scored great victories during the dry season, wiping out a large number of the enemy's effective combatants and seizing or destroying a large number of enemy war vehicles and a large quantity of materiel. Following the victories, the contradiction in the ranks of the Pol Pot genocidal clique and other Cambodian reactionaries has worsened daily.

The Vietnamese people have fought and defeated the general war of sabotage and the actions of the reactionaries in the Chinese ruling circles in escalating the war to nibble at the northern border. At the same time, they have achieved great successes in the cause of socialist construction and in the implementation of the 1984 state plan. It can be said that at no time in the past have the three Indochinese countries been as closely united nor have they been as developed, strengthened, and optimistic as today. [applause]



We must clearly understand, however, that there has been no change in China's expansionist-hegemonist policy toward the three Indochinese countries and toward Southeast Asia. It has also not changed its strategy and tactics against our country, Vietnam, and Cambodia. It has striven to collude with the U.S. imperialists and other reactionaries, in particular with the Thai ultrarightist reactionaries, in stepping up the general war of sabotage against the three Indochinese countries. They have combined the intensification of military pressure from outside with their activities to effect a change peacefully by carrying out rebellious and subversive activities in hopes of weakening and then swallowing up our three countries thus paving the way for them to expand their boundaries down to Southeast Asia.

This development calls for our people to maintain absolute vigilance. In the past year, realizing the foreign policy outlined at the third party congress, we have taken the initiative in actively carrying out numerous movements to strengthen the militant solidarity and special relations among Laos, Vietnam, and Cambodia and to strengthen the close solidarity and all-round cooperation with the Soviet Union and other fraternal socialist countries, regarding them as the most important factor deciding the struggle of our people to defend the country and to build socialism. We have persisted in strengthening solidarity and relations of friendship with countries in Asia, Africa, and Latin America and with the nonaligned countries. We have tried to develop relations with other countries on the basis of the principles of peaceful coexistence by profoundly accepting the importance and urgency of the struggles to oppose the arms race, to reduce forces, to oppose the danger of nuclear war, and to safeguard world peace. We strive to contribute to the lofty cause of the peoples in those countries.

We have made efforts to consolidate and strengthen relations with countries with different social systems. With regard to our relationship with the United States, we have affirmed our aspirations to restore friendly relations with the American people and to normalize relations with the United States on the basis of the various principles of peaceful coexistence. Relations between the United States and the LPDR have thus far not progressed because the U.S. Administration has not yet given up its hostile policy toward the LPDR.

Regarding our relations with China, we have always nurtured friendship with the Chinese people. We will never forget the sympathy, support, and assistance given by the Chinese people to the Lao people's cause of resistance against colonialism and imperialism. However, we resolutely oppose the hostile policy of the reactionaries in the Beijing ruling circles, who are striving to sabotage our people's revolutionary cause. We are determined to safeguard our country's independence, sovereignty, and territorial integrity. We aspire to restore relations between our country's independence, sovereignty, and territorial integrity; noninterference in each country's internal affairs; nonaggression, equality; mutual benefit; and peaceful coexistence.

We have endeavored and persisted in promoting negotiations between Laos, Vietnam, and Cambodia and the other countries in Southeast Asia with a view to building this region into a zone of peace, stability, friendship, and cooperation. It is extremely regrettable that the ultrarightist reactionaries in the Thai ruling circles, instigated by the expansionists-hegemonists and the imperialists, have openly and brazenly stepped up hostile activities against the LPDR. Such acts damage the fraternal relations between the Lao and Thai peoples. We hope that those having a conscience in Thailand will resolutely check the hands of the ultrarightist reactionaries in the Thai ruling circles, who are opposing the interests of the peoples of the two countries, and will jointly build friendly and good-neighborly relations on the basis of the two joint Lao-Thai communiques of 1979.

The persistent and arduous attempts of our party and state in the field of foreign affairs, together with the great victories scored by our people and Army, have increased the strength of the LPDR and have made our country's influence gradually rise in the international arena, thus gradually drawing extensive assistance and support from fraternal and friendly countries around the world. At the same time, we have made positive contributions, together with the two fraternal countries -- Vietnam and Cambodia -- to safeguarding peace in Southeast Asia and the world.

Beloved Excellencies, all the political, economic, and social tasks for 1985 set forth for us are all-round and difficult. The effective realization of the tasks in 1985 will assist in fulfilling the targets of the First 5-Year State Plan, create favorable conditions for entry into the Second 5-Year State Plan, and make practical and effective preparations for the fourth party congress.

We must develop a sense of mastery in a higher degree, cause vigorous changes in the organization of implementation, turn the year 1985 into a year of great victory, and ensure the outstanding fulfillment of the targets of the First 5-Year State Plan.

With a sense of lofty responsibility toward the country, let all the administrations at all levels and in all services, the Lao Front for National Construction, the Lao Federation of Trade Unions, the Lao People's Revolutionary Union, and the Women's Union -- relying on their respective roles -- strive to educate and mobilize the compatriots of all strata, workers, farmers, socialist intellectuals, combatants in the Armed Forces and all public security forces, learned persons, clergymen, businessmen, industrialists, traders, tribal chiefs, old people, children, and youths to make all of them -- be they families or organizations -- unite as one; hold aloft a sense of patriotism and love for socialism; further enhance the tradition of revolutionary heroism and a sense of self-reliance and self-development; enhance the tradition of heroic struggle and the tradition of hard work; enhance the tradition of diligence and initiative; enhance a sense of vigilance toward discipline; and compete with one another in implementing and realizing the party's resolutions and the state plan with glorious success, thus contributing to building and gradually strengthening all grassroots organizations, units, and work branches in their respective localities.

We firmly believe that with past experience, with the great potential of our country, with the strength of the solidarity and revolutionary determination of the entire Army and people under the party's leadership, and with international assistance and cooperation, we will certainly fulfill the 1985 state plan, thus scoring outstanding achievements to welcome the 30th founding anniversary of our noble and majestic party and the 10th founding anniversary of our new regime.

For the cause of national defense and socialist construction and for the wealth and happiness of the people of all tribes, let our entire Army and masses march forward heroically! Long live the LPDR! Long live the LPRP -- the organizer and leader of all victories of the Lao revolution! Thank you. [applause]

Souphanouvong Closes Session

BK261311 Vientiane Domestic Service in Lao 1200 GMT 26 Jan 85

[Text] After working for 3 full days, the 1985 plenary session of the SPC held under the chairmanship of Souphanouvong, president of the LPDR and chairman of the SPC, has ended with glorious success.

An official closing ceremony was held on the afternoon of 26 January. Kaysone Phomvihan, general secretary of the LPRP Central Committee and chairman of the Council of Ministers, was present at the closing ceremony. Also attending were the vice chairmen of the SPC and of the Council of Ministers and many members of the SPC Standing Committee and the Council of Ministers. In his capacity as chairman of the session, Souphanouvong made the closing speech. The following is his recorded speech: [Begin recording] Respected and beloved Comrade General Secretary and Chairman of the Council of Ministers; beloved Vice Chairmen and members of the Council of Ministers and distinguished guests; beloved Vice Chairmen, standing members, and members of the SPC:

We have met for 3 days filled with confidence, endeavor, an atmosphere of responsibility, satisfaction, enthusiasm, unity, and a high-level of unanimity on all issues. After discussing, debating, and exchanging views in breadth and depth, we highly assessed the content and significance of a report submitted by the chairman of the Council of Ministers and the results of the implementation of the state plan and budget for 1984. At the same time, we discussed and passed the state plan and budget are reasonable and hope that 1985 will be the year in which we will fulfill the First 5-Year Plan and score outstanding achievements to welcome two forthcoming historical days -- the 30th anniversary of the founding of the party and the 10th anniversary of the establishment of the LPDR.

Regarding the work of the SPC, we jointly examined and assessed the implementation of the 1984 plan and the work on drafting the constitution and the election law. In 1984 we witnessed positive efforts to carry out the SPC's central and historic tasks. We are entering an important and decisive phase for the fulfillment of our historic tasks. Regarding this work, following our official session we will continue to jointly study, exchange views, and seek ways to further effectively carry out the overall plan as well as the specific and central task -- the task of drafting the constitution and the election law -- in order to ensure that they are completed on schedule.

Dear people: Following this 1985 plenary session of the SPC we more profoundly understand the importance of 1985 -- the 10th year of existence of our new state and the year in which we must prove to our people and various nations in the world that the socialist revolution in Laos cannot only survive, but can also exist majestically. The socialist construction in our country is daily becoming a matter for the entire party, Army, and people and is developing more and more distinctly. In not many months to come, we will complete the drafting of the constitution of the LPDR.

Therefore, even though we worked at this session urgently and tirelessly, we are happy with and appreciate the results of our performance of duty. We thus deserve to be the representatives of the people who have trusted us for nearly 10 years.

On behalf of the Presidium, I express warm acclamation and cordial love to all members of the SPC for contributing to making this session successful as expected. Once again, I express deep thanks on behalf of the SPC Standing Committee to the comrade general secretary and chairman of the Council of Ministers, vice chairmen and members of the Council of Ministers, and all guests present here. I wish everyone of you good health, success, and outstanding achievements in 1985. [applause]

I wish members of the SPC good health and hope that you will be overwhelmed with the spirit of revolutionary offensive, be determined to fulfill all the tasks of our SPC, and score achievements to welcome the two historic days of 1985. On this auspicious occasion, I wish to declare the 1985 plenary session of the SPC closed. [applause]  
[end recording]

COOPERATION PROTOCOL SIGNED WITH USSR TEAM

BK281554 Vientiane KPL in English 0915 GMT 28 Jan 85

[Text] Vientiane, January 28 (OANA-KPL) -- The sixth session of the Lao-Soviet Commission for Economic, Scientific and Technical Cooperation was closed here yesterday after two days of sitting.

During the session, the two sides reviewed the cooperation work in economic, scientific and technical fields in 1984 and worked out effective measures for the (? construction of) other projects between the two countries. These include the projects of the 150-kw radio antenna, the building of a bridge across Kading River, the construction of the first phase the Highway No 9, and the construction of the machinery repair work-shop and others. A protocol of the sixth session of the Lao-Soviet Commission for Economic, Scientific, and Technical Cooperation was signed at the conclusion of the session.

The Lao side, signing the document, was Sali Vongkhamhao, vice-chairman of the Council of Ministers, president of the State Planning Committee and also president of the Lao Commission for Economic, Scientific and Technical Cooperation. The Soviet side, was represented by Nikolay Talyzin, vice-chairman of the Council of Ministers of Soviet Union, president of the Soviet Commission of Economic, Scientific and Technical Cooperation. Also signed on the same occasion were a protocol between the two countries' sub-commissions, a protocol on the future forestry and agricultural cooperation, a document on exchange of official letters regarding the assistance and the making use of the 150-kw radio antenna, and a document on trade cooperation between Laos and the Soviet Union in 1985 and the future. Among those present at the signing ceremony was Vladimir Sobchenko, the Soviet ambassador to Laos.

PEREZ DE CUELLAR HOLDS TALKS IN VIENTIANE

BK281640 Vientiane Domestic Service in Lao 1400 GMT 28 Jan 85

[Text] UN Secretary General Perez de Cuellar stopped off in Vientiane at noon on 28 January en route to the SRV. He was welcomed by Phoun Sipaseut, vice chairman of the Council of Ministers and foreign affairs minister; Souban Salitthilat, deputy minister of foreign affairs; and a number of high-ranking cadres of the Foreign Affairs Ministry.

During his short stay in Vientiane, UN Secretary General Perez de Cuellar and Vice Chairman Phoun Sipaseut met and exchanged views on the international situation, particularly the situation in Southeast Asia, with a view to seeking ways to settle problems in this region so as to serve the interests of each side. At the same time, the two sides also discussed and consulted with each other on the refugee issue and the problem of Laos-Thai relations, which has not yet been permanently resolved by the UN Security Council. The two sides also reviewed the relationship between the LPDR and the UN system, which has thus far been improved. The UN secretary general expressed his satisfaction and conviction that Laos, with its flexible stand, will play a constructive role in settling the regional problem through peaceful means.

The meeting between the host and guest was conducted in an atmosphere of mutual intimacy and understanding. After the meeting, Phoun Sipaseut hosted a reception for the UN secretary general and his entourage. At 1500 on the same day, the UN secretary general departed Vientiane. He was seen off at Wattai Airport by Phoun Sipaseut, Souban Salitthilat, and a number of Lao cadres concerned. Representatives of other international organizations in Laos were also on hand at the airport.



SUMMARY OF CAMBODIAN, LAO BORDER ACTIVITIES

BK261100 Bangkok Domestic Service in Thai 1300 GMT 24 Jan 85

[Press briefing by Army Secretary Major General Narudon Detpradiyut; given on 24 January in Bangkok -- recorded]

[Text] In the past month fighting continued inside Cambodia. Vietnamese heavy weapons were used to put pressure on Democratic Kampuchean forces to try to prevent their operations against the Vietnamese rear lines. In disregard for UN resolutions and the appeals of other countries, Vietnamese soldiers and weapons were moved to Cambodia to prepare for an offensive against the Democratic Kampuchean forces. Vietnamese suppression campaigns were cruelly conducted mostly against bases of Cambodian civilians in order to completely destroy the Cambodian race, inflicting great loss of life and many casualties and driving survivors into Thailand. The Democratic Kampuchean forces fought back aggressively and inflicted great losses on the Vietnamese. Also in early January aircraft and helicopters were moved from Vietnam to Pochentong Airbase in Phnom Penh.

In Laos, Lao troops and weapons were moved into and rotated in various areas along the Thai-Lao border. More Lao troops were sent to Ban Sawang -- an area in dispute with Thailand -- and bases in the three disputed villages were fortified. Laos launched a propaganda campaign, saying Thailand committed atrocities against people in the three disputed villages, and continued to provoke Thailand in order to prolong the conflict.

In the past month, Thai soldiers clashed with Lao soldiers on five occasions in Bung Kan District, Nong Khai Province, in Ban Khok Subdistrict, Uttaradit Province, and in Chiang Khan District, Loei Province. These clashes resulted in one Thai being killed and three others wounded. Lao soldiers fired at Thai bases five times in Ban Khok subdistrict, Uttaradit Province, wounding five Thai officials. Lao soldiers fired into Tung Chang District, Nan Province, and Bung Kan District, Nong Khai Province. They fired at Thai villagers in Chiang Saen District, Chiang Rai Province and in Khong Chiam District, Ubon Ratchathani Province but caused no casualties. A Thai authority was injured when he stepped on a landmine in Pua District, Nan Province. Sixty Lao were arrested for illegally entering Thailand.

ARMY SPOKESMAN ON NUMBER OF CAMBODIAN REFUGEES

HK290748 Hong Kong AFP in English 0658 GMT 29 Jan 85

[Text] Bangkok, Jan 29 (AFP) -- A Thai Army spokesman today said only 200 Cambodian refugees had been pushed back when they tried to cross into Thailand yesterday to escape a Vietnamese assault on their complex at the Thai-Cambodian border. Military and Khmer Rouge sources at the border yesterday claimed as many as 20,000 refugees were turned back.

But Colonel Phopsuk Sutharanan said only 200 Cambodians under the control of the pro-Chinese Khmer Rouge guerrillas had tried to flee into Thailand from their camps in the Phnom Malai mountain range about 6-10 kms (4-7 miles) from the Thai border. He said the Thai Army had pushed the refugees back when they tried to cross the border after Vietnamese forces bombarded their camps with heavy artillery shells in a pre-dawn attack yesterday.

Vietnamese forces on November 18 launched their heaviest offensive in six years against Cambodian resistance camps on the Thai-Cambodian border, driving more than 160,000 refugees into Thailand.

SIHANOUK'S SON'S LETTER ON RESISTANCE FORCES

BK250715 Bangkok THE NATION REVIEW in English 25 Jan 85 p 4

["Letters" column]

[Text] Dear Sir,

I refer to your today's (Jan 24) editorial entitled: "Khmer Rouge Tactics Can Stand Up To Vietnamese".

In the third paragraph of the said editorial it is stated: "It took the Vietnamese more than two months to eliminate the resistance forces that are under the control of Prime Minister Son Sann and President Norodom Sihanouk of the Coalition Government of Democratic Kampuchea. The fighters of these two factions are not dyed-in-the-wool guerrillas like the Khmer Rouge but although they have lost their bases, they still live to fight another day. Neither of the factions suffered heavy casualties."

In this regard, may I say that your editorial appears to be inconsistent. Indeed, you state "that it took the Vietnamese more than two months to eliminate the resistance forces that are under the control of Prime Minister Son Sann and President Norodom Sihanouk" and then go on to say, at the end of above-mentioned paragraph that "although they have lost their bases, they still live to fight another day."

Let me also point out that even though the Khmer Nationalist resistance has suffered a temporary setback, it is most unfair to state that the resistance was eliminated. The Khmer Nationalist resistance is very much alive and shall continue to fight for national liberation.

Concerning the headquarters and other bases of the ANS (Nationalist Sihanoukian Army), I can assure you that they all remain under the control of the ANS.

I would be grateful if you could print this letter in the next issue of your esteemed newspaper.

[Signed] HRH [His Royal Highness] Norodom Ranariddh, personal representative FUNCINPEC, [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]

PUBLISHERS WARNED ABOUT STORIES ON ARMED FORCES

BK250315 Bangkok BANGKOK POST in English 25 Jan 85 p 3

[Text] Bangkok newspaper editors and publishers were warned yesterday not to publish material deemed likely to tarnish the reputation of the Armed Forces or their commanders.

The Bangkok press officer said several newspapers had carried stories, especially in social and personality columns -- either intentionally or unintentionally -- ridiculing or allowing readers to speculate about the Armed Forces or their commanders. He said such stories were likely to create misunderstandings about the Armed Forces and tarnish their reputation and image. Newspapers which defied the warning might face legal action or have their licences revoked, he warned.

UN SECRETARY GENERAL PEREZ DE CUELLAR ARRIVES

OW281648 Hanoi VNA in English 1622 GMT 28 Jan 85

[Text] Hanoi VNA Jan. 28 -- United Nations Secretary-General Javier Perez de Cuellar and Mrs. de Cuellar arrived here this afternoon on a visit to Vietnam at Foreign Minister Nguyen Co Thach's invitation. The U.N. secretary-general's party included Rafeeuddin Ahmed, under secretary general and special representative of the secretary-general for humanitarian affairs in Southeast Asia; S.A.M. Kibria, executive director of the Economic and Social Commission for Asia and the Pacific (ESCAP); Tatsuro Kunugi, special representative of the secretary general for coordination of Kampuchean Humanitarian Assistance Programmes; Carl Englund, resident coordinator of International Organizations in Vietnam; and Francois Giuliani, spokesman for the secretary general.

Javier Perez de Cuellar and his party were welcomed by Foreign Minister Nguyen Co Thach and Mrs. Nguyen Co Thach, assistant to the foreign minister Phan Doan Nam, and other officials.

[Hanoi Domestic Service in Vietnamese at 1430 GMT on 28 January 1985, in its version of Foreign Minister Nguyen Co Thach meeting UN Secretary General Javier Perez de Cuellar, renders this paragraph to include the following names: "On hand to welcome UN Secretary General Javier Perez de Cuellar and his wife were Foreign Minister Nguyen Co Thach and his wife; Phan Doan Nam, assistant to the foreign minister; (Dang Nghiem Hoanh), director of the General External Relations Department of the Foreign Ministry; Tran Hoan, director of the International Organizations Department; and (Pham Lac), acting director of the General Issues Department".]

Representatives of the U.N. High Commissioner for Refugees (HCR), the United Nations Children's Fund (UNICEF), the World Health Organization (WHO), the United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO), the World Food Programme and the U.N. Fund for Population Activity (UNFPA), were also present on the occasion.

Meets Nguen Co Thach

BK281508 Hanoi Domestic Service in Vietnamese 1430 GMT 28 Jan 85

[Text] Foreign Minister Nguyen Co Thach held talks with UN Secretary General Javier Perez de Cuellar at the government guest house on the evening of 28 January. Attending the talks on the Vietnamese side were Phan Doan Nam, assistant to the foreign minister; (Dang Nghiem Hoanh), director of the General External Relations Department of the Foreign Ministry; Tran Hoan, director of the International Organizations Department; and (Pham Lac), acting director of the General Issues Department.

On the UN side were Refeeuddin Ahmed, deputy secretary general and special representative of the UN Secretary general for humanitarian issues in Southeast Asia; Kibria, executive director of the Economic and Social Commission for Asia and the Pacific; Tatsuro Kunugi, special representative of the UN secretary general for the Coordination of Humanitarian Aid Programs for Cambodia; Carl Englund, coordinator of International Organizations in Vietnam; and Francois Giuliani, spokesman of the UN secretary general. The talks took place in an atmosphere of mutual understanding.

TO HUU VISITS HOANG LIEN SON, HA TUYEN, VINH PHU

OW251401 Hanoi Domestic Service in Vietnamese 1100 GMT 23 Jan 85

[Text] On the occasion of the At Suu Spring Festival, Comrade To Huu, member of the Political Bureau of the Party Central Committee and vice chairman of the Council of Ministers; Comrade Bui Phung, vice minister of national defense; the comrade

commanders and deputy commanders of Military Region II; and Comrade Nguyen Huu Thu, minister in charge of the central district-building committee, have paid Tet visits to the party organizations, Armed Forces, and peoples of Hoang Lien Son, Ha Tuyen, and Vinh Phu Provinces.

Comrade To Huu paid Tet visits to the units of advance posts in Village B, to the Cam Duong apatite mine in Van Chan District, and to the Tran Phu tea complex in Hoang Lien Son Province. In a get-together with nearly 1,000 leading cadres of all echelons and sectors in the province and with representatives of the local people of various nationalities and of the local Armed Forces, Comrade To Huu, on behalf of the party Central Committee and the Council of Ministers, warmly commended Hoang Lien Son Province's Armed Forces and people for firmly protecting the border, successfully implementing the province's 1984 state plan, achieving a paddy output of 5.4 tons, basically solving the food problem, properly developing the planting of industrial crops, especially tea, and the herd of buffaloes and cattle, and satisfactorily implementing social and cultural tasks.

He stressed: In closely linking socialist construction with national defense, Hoang Lien Son Province, with its 1.7 million hectares of fertile land and rich mineral resources, must strive to develop agriculture, forestry, and industry comprehensively; practice intensive rice cultivation; and strongly develop the planting of corn and tuberiferous crops, especially galingale and manioc in order to ensure sufficient food for local consumption and to rapidly reach the target of 250-400 kg of grain per capita.

Comrade To Huu urged the provincial party committee and People's Committee to guide all districts and cities in supplementing and perfecting the socioeconomic planning work for the entire province and each district while learning from and striving to catch up with Van Chan District, a pilot one for district building; creatively applying the party Central Committee's resolutions and state policies regarding planning, enterprise management, and economic integration; and in paying attention to fostering and training cadres of various nationalities and even woman cadres for various sectors, echelons, and production and business installations.

Comrade To Huu expressed the hope that all cadres and combatants and peoples of various nationalities in Hoang Lien Son will exert greater efforts to fulfill the 1985 plan while firmly defending the fatherland's border.

In Ha Tuyen Province, Comrades Nguyen Van Doc, member of the party Central Committee and secretary of the provincial party committee and Vien The Nghieu, chairman of the provincial People's Committee and many other leading cadres and large number of military cadres, combatants, and local people warmly welcomed Comrade To Huu.

Comrade To Huu called on and encouraged the Army units that have been fighting bravely day and night in areas located within the enemy's artillery range and achieved many military feats on the forefront. He also visited the forward command post and the military commands of Ha Tuyen Province, Vi Xuyen District, and Ha Giang City. He was enthused by the reports made by the military commanders, cadres in charge of Front I, and leading cadres from the border districts of Vi Xuyen, Dong Van, Meo Vac, and Yen Minh, on the situation of national defense and security, local economy, social work and the livelihood of combatants and of the compatriots of various nationalities in border areas.

After the province's chairman and secretary briefed him on all activities in the past and on the orientation and tasks for 1985 and 1986-90, Comrade To Huu warmly praised the Ha Tuyen Province party organization and people for scoring many great achievements, closely coordinating with the Armed Forces in organizing local forces, scoring outstanding military exploits on the Ha Giang Front, achieving self-sufficiency in grain, developing the cultivation of industrial crops, including soybean, peanut, sugarcane, tea, and tung, lacquer, and linen trees and of precious medicinal herbs and fruit trees.



Comrade To Huu contributed views on forestry and stressed the need for the province to protect, develop, and exploit the areas which are growing bodhi and bamboo trees used as raw materials in the production of paper and filaments and to strongly develop the breeding of domestic animals and the herds of buffaloes and cattle.

In Vinh Phu Province, Comrade To Huu called on the cadres and local people of Doan Hung District and held a working session with the Standing Committee of the provincial party committee. Comrade Nguyen Van Ton, secretary of the provincial party committee, briefed him on the progress achieved in agricultural and industrial production in the past year and on the guidelines for economic and cultural development in the province in coming years.

In his talk with the cadres of various sectors in the province and with the directors of central major enterprises, Comrade To Huu warmly commended the province's great achievements in the past years and expressed the hope that the province would strive to increase paddy output, develop the cultivation of subsidiary crops, reach the target of 350-400 kg of grain per capita, expand the tea-, lacquer-, and tung-growing areas; strongly develop the planting of eucalyptus and bamboo trees used as raw material for the Bai Bang paper mill; and develop the breeding of domestic animals and birds. He particularly urged Vinh Phu Province and the central enterprises to achieve more effective economic and trade integration, with the aim of fully using the capacity of factories to produce more goods of greater value. He stressed the need for the ministries concerned to coordinate with the province in reorganizing production, achieving economic integration among industrial enterprises and between agriculture and industry as well as between Vinh Phu Province and other localities; and developing the rich potentials of the province, especially the Bai Bang paper mill, the Lam Thao phosphate fertilizer plant, the Dao Tu concrete plant, the Viet Tri chemicals factory, the Song Lo tea plant, and so forth. Comrade To Huu also urged the Vinh Phu Province's party organization and local people to further boost the movement to assist the compatriots and combatants in the border provinces, especially Ha Tuyen and Hoang Lien Son.

In the enthusiastic atmosphere of an early spring day, the comrade commander of Military Region II and the heads of Ha Tuyen, Hoang Lien Son, and Vinh Phu Provinces pledged the party Central Committee and the Council of Ministers to properly protect the border areas and implement the resolutions of the sixth and seventh party Central Committee plenums and the 1985 plan in order to give an impetus to the implementation of the 1986-90 5-Year Plan, build steady and strong districts, and develop the spirit of enterprises' initiative.

#### TRUONG CHINH VISITS QUANG TRUNG MUSEUM

OW250915 Hanoi VNA in English 0751 GMT 25 Jan 85

[Text] Hanoi VNA Jan. 24 -- During his recent trip to Nghia Binh Province, south of Danang, President of the State Council Truong Chinh visited the Quang Trung museum dedicated to Nguyen Hue and other places in the national hero's home district of Tay Son. In the 18th century, Nguyen Hue led a peasant uprising which defeated both the Nguyen feudal lords in the south and the Trinh lords in the north. He reunified the country, became King Quang Trung and defeated invasions by Chinese and Siamese (Thai) armies. His most brilliant victory was won in the spring of 1789 at Dong Da, a few miles from downtown Hanoi, where he destroyed a 290,000-strong aggressor army of the Chinese Qing dynasty. During his visit to the museum Truong Chinh wrote a poem of which we publish the translation on the occasion of the 196th anniversary of the Dong Da victory which is traditionally observed on the 5th day of the lunar year.

Visit to the Quang Trune Museum

The valiant spirit of Tay Son rose from mountains and rivers  
The hero in peasant garb held high the red banner  
He saved the nation, defended the homeland safeguarded our frontier  
His immortal endeavour brought hearts together.  
Today's generations, inspired with great pride  
Are carrying forward the national tradition, their spirit  
Rising ever higher  
Majestic landscape fragrant with the scent of flowers  
The storm is gone. What a magnificent sight.  
January 6, 1985  
Truong Chinh.

DO MUOI VISITS USSR-AIDED ENERGY PROJECTS

OW260840 Hanoi VNA in English 0818 GMT 26 Jan 85

[Text] Hanoi VNA Jan. 25 -- Do Muoi, Political Bureau member of the communist party Central Committee and vice-chairman of the Council of Ministers, recently visited the special zone of Vung Tau-Con Dao, Dong Nai Province and the Ho Chi Minh City-based southern electric power company, on the occasion of the Tet (lunar new year) festival. He was accompanied by Nguyen Hoa, alternate member of the party Central Committee and director of the General Department for Oil and Natural Gas.

At Vung Tau-Con Dao, Vice-Chairman Do Muoi warmly welcomed the joint Vietnam-Soviet Petroleum Venture (Vietxopetro) and other units concerned for their achievements in exploring for oil and natural gas, particularly their striking oil on the continental shelf last year. He said that the party and state highly valued these achievements and requested the Vietnamese and Soviet cadres and workers at the venture to exert still greater efforts in fulfilling the tasks of oil and gas exploration in 1985 and the following years.

The vice-chairman expressed his regards and thanks to the Soviet experts and workers at the Vietxopetro for their considerable and effective services to Vietnam's oil and natural gas industry. At his new year meeting with cadres and workers at the Tri An hydro-electric power project being built with Soviet assistance on the Dong Nai River in Dong Nai Province, Do Muoi reminded them to painstakingly learn their Soviet friends, experience and techniques to improve their knowledge and skills. [sentence as received]

STATUS OF CROP PESTS NATIONWIDE REPORTED

OW261432 Hanoi Domestic Service in Vietnamese 1100 GMT 25 Jan 85

[Text] According to a notice issued recently by the vegetation protection department of the Ministry of Agriculture, rice blast has ravaged the rice crop in the southern provinces and Mekong Delta, at an infestation rate of 5 to 10 percent. Leaf folders and rice gall flies have damaged the winter-spring rice crop in the central provinces and Mekong Delta. Due to the prolonged severe cold, the late-planted spring rice seedlings and the recently transplanted fifth-month rice in the northern provinces have been killed here and there. The infestation density of stem borers affecting the stalks and roots of rice seedlings still remains high, averaging from 5 to 20 per square meter. Other crops such as potatoes are infested with *Phytophthora* infestants. Green tobacco aphids are ravaging tobacco plants while *Cirphis salebrosa* and black cutworms are developing and affecting the corn crop.

It is forecast that rice blast will continue to spread and cause damage to the winter-spring rice crop in the southern provinces while leaf folders, stem borers, and pentatomid bugs will continue to cause damage. In the northern provinces, *Phytophthora* infestants, *Cirphis salebrosa*, and stem borers will continue to develop.

It is recommended that localities should properly carry out eradication work. The southern provinces should immediately stop applying nitrogenous fertilizer to the rice crop to restrict rice blast infestation. To eliminate leaf folders, the northern provinces should plant sufficient rice seedlings and protect them from being killed by cold weather. Stem borers must be completely exterminated when they are still developing in the rice seedling fields. Sanitary measures should be properly carried out in the ricefields to prevent stem borers from developing. *Cirphis salebrosa* must be promptly eradicated from the winter-spring vegetables and subsidiary and industrial crops.

AUSTRALIAHAYDEN REBUKES QUEENSLAND FOR NEW ZEALAND BAN

BK281716 Melbourne Overseas Service in English 0430 GMT 28 Jan 85

[Text] The foreign affairs minister, Mr Hayden, has rebuked the Queensland Government for meddling in the nuclear ships issue. The Queensland premier, Sir Joh Bjelke-Petersen, revealed on Saturday that he blocked a consignment of chocolates from New Zealand in retaliation for that country's antinuclear policy. The chocolates are being held in Brisbane through the use of an obscure Queensland health regulation. Mr Hayden said Sir Joh was retaliating in a matter in which he had no responsibility and about which he knew nothing. Mr Hayden said if New Zealand were to respond by banning Australian goods, Australia would be a substantial loser because it sold more to New Zealand than it imported.

New Zealand has already given notice of a formal protest to Australia. The acting prime minister, Mr Palmer, said the Queensland move amounted to interference in Australis's foreign affairs, but it was a matter for the Australian Government to sort out.

NEW ZEALANDLANGE, U.S. AMBASSADOR DISCUSS PORT CALL ISSUE

HK290820 Hong Kong AFP in English 0803 GMT 29 Jan 85

[Excerpt] Wellington, Jan 29 (AFP) -- Prime Minister David Lange today said the row between New Zealand and the United States over his country's ban on nuclear warships in its ports was nearer to resolution.

Speaking after talks with U.S. Ambassador in New Zealand H. Munroe Browne, Mr. Lange said the talks had allowed "a useful exchange of views." The two spent more than an hour on questions raised by New Zealand about a warship the U.S. wants to call at a New Zealand port in March, after the Sea Eagle exercise between ANZUS defence treaty partners, Australia, New Zealand and the United States.

Mr. Lange said the two would "continue our discussions as we need to over the next few days" and that a decision on the ship's visit was "possible this week, but unlikely." The United States has maintained that warship visits are an essential part of New Zealand's role in the ANZUS alliance.

Ambassador Browne said "no new initiative" had been brought to talks in Washington between official. "I'm hopeful we can work this out...to our mutual satisfaction and that ANZUS will remain an important part of our relationship."



COMMENTARY ANALYZES CURRENT PRC TRADE LINKS

BK250645 Jakarta Domestic Service in Indonesian 1200 GMT 24 Jan 85

[Unattributed commentary]

[Text] The national steel plant, Krakatau Steel Co. Ltd, shipped 5,000 metric tons of wire rod to the PRC through Hong Kong early this January. This was the first shipment of the planned export of 40,000 metric tons of wire rod by the national steel plant. After reporting the matter to President Suharto in Jakarta on Tuesday, the director of Krakatau Steel, Aribowo, disclosed that the export of the steel plant's products to the PRC will increase in the future. According to a report by a team of observers sent to Hong Kong to explore the market situation of steel products in the PRC, the potential market in that country is big enough. Because of its huge population and vast natural resources, especially after Deng Xiaoping discarded Mai Zedong doctrines from mainland China, the PRC has been likened to a pretty girl being surrounded by many suitors -- almost all Western countries have proposed trade contacts with the PRC and have signed sales contracts for various products ranging from weapons to ice cream.

Even the United States, which fought against that country twice and was in a state of hostility with Beijing for 35 years, is now carrying out the so-called policy of arming the enemy. Chairman of the U.S. Joint Chiefs of Staff, John Vessey, toasted his Chinese military colleagues in Beijing last week after signing an arms sale agreement. Meanwhile, other Western countries did not want to miss the action. They include Britain, which has agreed to return Hong Kong to the PRC on the completion of its 100-year-old lease, and Japan, which is a country with a long history of direct trade links.

In view of trade interests and efforts to boost national revenue through non-oil and non-gas commodity exports, it is indeed necessary for Indonesia to open a direct trade link with the PRC. Both Foreign Minister Mokhtar Kusumaatmaja and Armed Forces Commander General Benni Murdani have reiterated that Indonesia is willing to hold direct trade links with the PRC. The existing trade link is still using Singapore and Hong Kong as intermediaries so that these two metropolitan cities reap a great deal of profit. According to our foreign trade statistics, Indonesia's direct export to the PRC in 1983 stood at \$27 million only in the form of 24 metric tons of coffee and plywood worth \$1 million. [sentence as heard]

On the other hand, Indonesia's direct imports from the PRC stood at \$204 million in the form of machinery, foodstuffs, pipes, cotton, and textiles. However, Indonesia's indirect export to that country through Singapore and Hong Kong has been quite high -- in 1983, our export to Hong Kong and Singapore was recorded at \$181 million and \$3,127,000,000 respectively. These two intermediaries then reexported some of our commodities to the PRC. Viewed from our political interests, will the PRC act as a pretty but stupid girl, or a pretty but shrewd girl? To know the answer to this question it is necessary for us to pay attention to Malaysian Prime Minister Mahathir Mohamed's remarks last week when he met with U.S. Secretary of State Shultz. He said that the PRC remains a problem for the Southeast Asian region.

MALAYSIAOFFICIAL SAYS DIRECT ASEAN-SRV TALKS ABANDONED

HK290918 Hong Kong AFP in English 0843 GMT 29 Jan 85

[Text] Kuala Lumpur, Jan 29 (AFP) -- A top Malaysian official said here today that the Association of Southeast Asian Nations (ASEAN) had abandoned what he called plans for direct talks with Vietnam on the Cambodian conflict after Hanoi attacked civilian camps on the Thai-Cambodian border last month.

Deputy Foreign Minister Kadir Sheikh Fadzir said at a news conference after more than two hours of talks with his visiting East German counterpart Gerd Koenig, that no new initiatives were likely "until Hanoi convinces us it is serious about a solution through negotiations." Malaysia is current chairman of the ASEAN Standing Committee whose other members are Singapore, Thailand, the Philippines, Indonesia and Brunei.

Mr. Kadir did not give details of the ASEAN plan for direct talks with Hanoi but he said the move had appeared "appropriate" after a lengthy meeting between Malaysian Foreign Minister Tengku Ahmad Rithauddeen and Vietnamese Foreign Minister Nguyen Co Thach at the United Nations in October. He said that "unfortunately" Hanoi reverted to "its familiar pattern."

ASEAN had abandoned plans for the talks, he said.

"Every time we come to the brink of serious negotiations to work out a political solution, Vietnam opts for military action," Mr Kadir added. Vietnamese troops in mid-November launched a massive offensive against Cambodian resistance bases along the Thai-Cambodian border, forcing an estimated 197,000 Cambodian refugees to flee into Thailand.

Mr. Kadir also said that Malaysia and East Germany agreed on the need to find a political solution to the Cambodian problem "as soon as possible, although there were differences on how they felt this could be achieved. ASEAN wants an estimated 150,000 to 170,000 Vietnamese troops propping up the Heng Samrin government in Phnom Penh to leave Cambodia. East Germany is among 32 mostly Soviet bloc countries which have backed Vietnam.

Mr. Koenig, here on a three-day visit, told the same news conference that his government found the civilian casualties among Cambodian refugees "regrettable". But he said East Germany backed the position taken by the Indochina foreign ministers that no negotiations would be held with Khmer Rouge, blamed for the deaths of hundreds of thousands of people under their rule before Vietnam's December 1978 invasion of Cambodia. Mr Koenig said that a prerequisite for any negotiations "must include recognition of historical and geographical realities" including what he called the Cambodia people's "rejection" of the 1978 Khmer Rouge leader Pol Pot.

The Communist Khmer Rouge is one of three factions in the United Nations-recognised Coalition Government of Democratic Kampuchea (Cambodia) which is resisting Vietnamese troops from bases near the Thai-Cambodian border.

Mr. Kadir said the East German minister had wanted that "we should carry on negotiations with Vietnam. I told him that Tengku Rithauddeen, who is chairman of the ASEAN Standing Committee, held talks with (Mr.) Thach in October at the United Nations.

"We intended to make direct contacts with Vietnam because we thought it (an) appropriate time for negotiations. But unfortunately Vietnam reverted to its similar ... familiar pattern of annual attacks," Mr Kadir added.

#### SINGAPORE

#### REPORTAGE ON PRC FOREIGN MINISTER'S VISIT

##### Arrival Statement

BK261207 Singapore Domestic Service in English 1100 GMT 26 Jan 85

[Text] The Chinese foreign minister and state councillor, Mr Wu Xueqian, has reiterated China's continued support for the Coalition Government of Democratic Kampuchea led by Prince Nordon Sihanouk. He said China believes that the three anti-Vietnamese factions can only provide the effective resistance against the Vietnamese aggressors if we united. Mr Wu was speaking to reporters on his arrival in Singapore this evening. The visit is at the invitation of Singapore's foreign minister and minister for community development, Mr Dhanabalan.

Mr Wu said he would discuss with Mr Dhanabalan international issues of common interest. He hoped to strengthen ties between the two countries. He said the visit -- his first to the republic -- will give an opportunity to learn from Singapore its remarkable economic achievements in recent years. I come at the time when China is stepping up its open-door policy [words indistinct] modernization program. (?He said) China has found necessary the adoption of open-door policy to speed up its modernization. Mr Wu also said China looks forward to more cooperation in technology and trade development with other countries. Mr Wu, who is on a 5-day visit, is accompanied by six officials.

##### Cambodia 'Main Topic of Talks'

BK281621 Singapore Domestic Service in English 1100 GMT 28 Jan 85

[Text] The situation in Cambodia was the main topic in almost 2 hours of talks today between the visiting Chinese foreign minister, Mr Wu Xueqian, and Foreign Minister Mr Dhanabalan. With their accompanying officials, they also discussed Sino-Soviet relations, economic cooperation between China and Singapore in civil aviation and banking, and other bilateral issues. A spokesman for the Foreign Ministry said that on Cambodia, both sides noted that more pressures were needed to bring the Vietnamese to the negotiating table. Meanwhile, they thought the present strategy should continue. The talks also touched on China's relations with certain communist parties in Southeast Asia.

Later, Mr Wu, accompanied by China's commercial representative in Singapore, Mr (Wong Tengcheang), and other Chinese officials, called on the prime minister at the Istana [palace]. Also present at the meeting was Dr Goh Keng Swie. Mr Wu today also called on the senior minister in the prime minister's office, Mr S. Rajaratnam, and attended a luncheon hosted by the minister for trade and industry, Dr Richard Hu. Mr Dhanabalan, who is holding a dinner for Mr Wu and his delegation at the Istana tonight, has accepted in principle an invitation to visit China.

U.S. INVESTMENT TREATY PROPOSALS 'NOT ACCEPTABLE'

HK281445 Manila METRO MANILA TIMES in English 28 Jan 85 p 12

[By Resty Perez]

[Text] The Philippines will reject the latest draft of a U.S.-prepared investment treaty which seeks national treatment for American investments here.

Official documents obtained by THE BUSINESS TIMES indicate the Philippines will not allow Americans to enjoy privileges exclusively accorded to Filipinos by law, like owning and exploiting natural resources. The same draft carried two other features which the documents said were "not acceptable."

First, the U.S. wants its investments to be exempted from local rules on performance requirements. The proposed treaty stated: "Neither party shall impose performance requirements as a condition of establishment, expansion, or maintenance of investments, which require or enforce commitments to export goods produced, or which specify that goods or services must be purchased locally, or which impose any other similar requirements." This provision runs counter to existing local rules requiring, for example, car manufacturers, including American-owned General Motors, gradually increase its use of locally-made parts.

Second, the documents said the Philippine officialdom could not yield to a demand that "transfer (of funds) be made freely and without delay." The U.S. proposed that: "Each party shall permit all transfers related to an investment to be made freely and without delay in and out of its territory.

"Such transfers include: (a) returns (e.g., dividends, profits, royalty payment, etc.); (b) compensation (from expropriate); (c) payments arising out of investment dispute; (d) payments made under a contract, including amortization of principal and accrued interest payments made pursuant to a loan agreement; (e) proceeds from the sale or liquidation of all or any part of an investment; and (f) additional contribution to capital for the maintenance or development of an investment."

The documents said the national treatment feature of the U.S. draft "was not an acceptable basis for negotiations. Our existing policy and practice is to negotiate and conclude agreements that extends treatment to foreign investments only on the most-favored-nation (MFN) basis." Negotiations between the two countries, despite differences on major issues like national treatment, had not been ruled out. Talks for such an agreement actually started 17 years ago in preparation for the expiration of the Laurel-Langley Agreement in 1974. The Laurel-Langley agreement accorded national treatment to American investments here. U.S. insistence for a similar privilege in the proposed treaty was the major obstacle to an agreement. The Philippines, on the other hand, wants to stick to its MFN policy which allows foreign investments to equally enjoy the benefits given to a "most favored nation."

COURT REJECTS AQUINO PRINCIPALS BAIL APPEAL

HK290500 Manila Far East Broadcasting Company in English 2300 GMT 28 Jan 85

[Text] The tanodbayan is said to oppose today the petition for bail of Brigadier General Luther Custodio and 16 other principals accused in the murder of former Senator Benigno Aquino, Jr and Rolando Galman.



A tanodbayan official said that they will most likely stick to their recommendation filed with the sandiganbayan to grant no bail to the principals accused. The three-man tanodbayan panel which prepared the information will argue its opposition to grant bail.

The lawyers of the principal suspects has petitioned the anti-graft court to allow their clients to post bail, claiming there was no sufficient evidence against the 17 for inclusion as principals in the case.

Meanwhile, opposition lawyer Lupino Lazaro today asked the tanodbayan to re-amend its information and to include Generals Ver and Olivas and seven other soldiers, and Hermilo Gosuico, as principals in the case. He said in his petition that the tanodbayan erred when it named Ver and Olivas only as accessories. Lazaro said the tanodbayan has no legal or factual basis to minimize their criminal liability, pointing out that the evidence is sufficient to include them as principals.

#### COLUMNIST ON SPECIAL TREATMENT FOR ACCUSED

HK281515 Manila BUSINESS DAY in English 28 Jan 85 pp 4, 6

["My Cup of Tea" column by Ninez Cacho-Olivares: "No Room at the 'Inn'?"]

[Text] Sandiganbayan's Justice Manuel Pamaran was earlier reported to have ordered the commitment to the National Penitentiary of all the principals and of the accessories who could not post bail. The dailies screamed out the Pamaran detention order. Pamaran was reported to have said that there would be "no special treatment." The sandiganbayan reportedly threw out the petitions of Air Force chief Gen. Vicente Piccio and Presidential Security Command chief Gen. Santiago Barangan asking for custody of the 16 Avsecom men and PAF soldiers and of Col. Vicente Tigas. And yet late Friday, Pamaran reportedly reconsidered his earlier detention order. Per reports, this move was promoted by an urgent motion filed by Piccio. Why the change of mind? Wasn't there already an earlier Piccio request which had been reportedly turned down? Why should an urgent motion change the picture?

But what really takes the cake are the statements attributed to certain officials in Muntinlupa and Gen. Narciso Cabrera, Western Police District commander. Gen. Vicente Eduardo, the prisons director, reportedly said that Muntinlupa was overcrowded and could not accommodate the 17 accused soldiers. Gen. Cabrera reportedly gave the same excuse and added that there were risks involved. The soldiers could be harmed or even liquidated by some prisoners in order to gain notoriety.

Firstly, it really would be more prudent for military officers not to meddle in this case. This is a case that involves the military, and the more some generals butt in, the more public suspicion will escalate some of today's military officers are not exactly held in high public esteem. It will do Piccio and Barangan some good not to petition for the custody of the accused. The best that they could have done was to abide by what the courts ordered. Already, the holding in abeyance of the commitment order has fueled some nasty speculations and suspicions from the public.

Secondly, it seems so odd for the prisons director to come out and say that there is no more room at the "inn." It is just as odd that Cabrera would suddenly talk about the risks one can encounter while detained in city jails. To my recollection, no prison authority complained about the jails being overcrowded when the "September detainees" were moved to Muntinlupa. There were some 64 detainees then, not just 17. It will be recalled that these young detainees, whose most "heinous" crime was that of being caught marching down Ayala Avenue mouthing anti-Marcos slogans, were thrown in with hardened and notorious criminals.

There were, as a matter of fact, reports of sodomy and "act preparatory to sexual crimes" that the detainees were supposedly subjected to. one detainee's right thigh was reportedly tattooed by an inmate. There did not seem to be any apprehension then on the part of the authorities about the risks the young detainees were being exposed to. Why does there seem to be so much resistance and reluctance now on their part about accommodating these 17 military men? Are the military men to be given a room each when all the others are piled up in cells like sardines? Can't the soldiers endure the same sardine-packed conditions?

Sometimes gang wars occur in city jails and I presume that the non-aligned prisoners are left to fend for themselves, just as the "September detainees" learned to fend for themselves while they were under detention. What's so special about the 17 military men? Why should they be turned over to the custody of their superiors? Why can't they be treated the way those 64 detainees were treated and forced to mingle with the notorious and hardened criminals? If the elements come from the military, should they be given the kid glove treatment?

There were earlier reports that the soldiers who had been placed under technical arrest and confined to barracks were seen in public places. Some claim that some Avsecom soldiers were even reporting for duty at the MIA [Manila International Airport] at the time they were supposedly under technical arrest. How will custody of the accused under Piccio and Barangan sit it with the public?

The excuse that jails are overcrowded is, in my personal view, a very lame excuse. We have so many detention centers in Metro Manila. There is Camp Bagong Diwa, Camp Bago Bantay and others that can surely accommodate these 17 soldiers. Eight political prisoners have just recently been released. Cynthia Nolasco and William Tolentino have been released as well. Surely, their cells can, if need be, be assigned to some of the accused. Then too, other overstaying political prisoners can now be released to "make room" for the new military prisoners. I am almost certain many political prisoners will gladly give up their accommodations for the 17 soldiers. And if the authorities are so worried about the soldiers being "harmed or liquidated," as Cabrera fears, why, the soldiers can always be placed in "solitary confinement." Joema Sison's cell must be empty now. Some officer can always move in.

I really think the military should keep its hand off this case, now that it is in the hands of the civilian courts. What the military should have insisted on was a court martial. That way, the accused can still have their old bunks. But since the case was brought to the sandiganbayan, the least the military can do is to abide by the court's decision.

Pamaran was also quoted by the dailies as saying that he sees this murder case finished in less than a year. There will be daily trials and no postponements. It is strange that when such a celebrated case involving the military goes to court, constitutional guarantees and human rights are meticulously attended to. Ordinary citizens generally have to wait a long time for the wheels of justice to turn, although they too supposedly have the guarantee of a speedy trial. But speedy trials can sometimes be both beneficial and detrimental to citizens. Take the case of Dr. Lorenzo Ga. Cesar, a former assistant director of elementary education who was sentenced by Pamaran to 577 years in jail for the crime of estafa. The high court very recently reversed Pamaran's "inconclusive and conjectural" decision. Pamaran reportedly had all the properties of Cesar confiscated and his children, save for one who was on a scholarship, had to stop studying. The Supreme Court established that "Pamaran's decision relied on missing documents which were never even submitted to the sandiganbayan."

So the case may be finished in less than a year's time. Can ordinary citizens who are also accused for other crimes expect exactly the same kind of treatment from our courts? Can their cases be finished in less than a year's time? I hope so, otherwise, this will be yet another case of special treatment for special people.

TRANSPORT STRIKE CAUSES MANILA VIOLENCE

HK290456 Manila Far East Broadcasting Company in English 2300 GMT 28 Jan 85

[Text] Jeepney strikers failed yesterday [28 January] to effect a nationwide transport strike, but there were pockets of violence in Metro Manila, with three buses burned. The violence, triggered by hard-core strikers and their supporters, resulted in injuries to 16 persons, 8 of them policemen. Some 67 strikers were also arrested in Quezon City, Manila and Pasig. They were charged with sedition, illegal assembly, and violation of peace and order.

The strike, vaunted to be nationwide, was called by the Alliance of Concerned Transport Organizations and supported by militant student groups, the Concerned Artists of the Philippines, and some religious organizations. The 16 persons injured were hurt in the explosion of homemade bombs hurled by the strikers and approaching lawmen in Cubao, Quezon City. The policemen were trying to disperse the strikers who were harassing and intimidating non-strikers and passengers. Three buses were burned by the strikers, one at the corner of C. Jose Street and Epifanio Delos Santos Avenue in Pasay, and another near the exit of the south expressway in Sucat, Paranaque. The third bus was set on fire at Recto Avenue in Divisoria.

A jeepney strike was also reported in Legazpi City and Daraga Town, but no untoward incident was reported in those areas. In Davao City, about 1,000 workers and students held a rally at the Clifford Park in support of the transport strike in Metro Manila. The rally was held peacefully.

MARCOS DIRECTS STRATEGY AGAINST INSURGENCY

OW281217 Quezon City RPN Television Network in English 1100 GMT 28 Jan 85

[Text] A multipronged strategy for the control of insurgency is shaping up under the direction of the president. Labor Minister Blas Ople made this disclosure over the weekend in a series of speeches and dialogues in Cebu City, principally with the Association of Cebu Journalists and the Cebu Breakfast Club. Ople said: The multipronged strategy includes purposeful economic recovery; improvement of the morale and discipline in the Armed Forces; the strengthening of democratic institutions; and more effective coordination of government-wide efforts to counter the insurgency threat. Ople stressed that we have the means not only to manage the insurgency threat, but to transform it to our advantage.

MILITARY, POLICE ORDERED TO PREVENT ANARCHY

HK290458 Manila Far East Broadcasting Company in English 2300 GMT 28 Jan 85

[Text] Brigadier General Pacifico Lopez de Leon, the commander of the AFP [Armed Forces of the Philippines] Civil Relations Office, yesterday [28 January] said the military and police are under orders to enforce the law to prevent anarchy in the streets. He said military authorities will field more buses in areas affected by the jeepney strike in various parts of the country, particularly in Metro Manila. De Leon said law enforcers are duty-bound to safeguard the interests of the riding public, maintain a close watch on the jeepney strike.

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